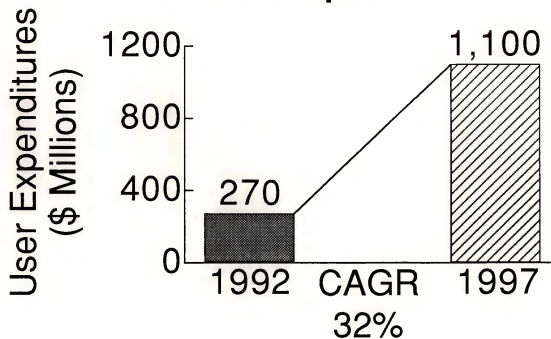


# Outsourcing Desktop Services In Europe

E-OU-2  
4/20/92



# Desktop Services Market Europe

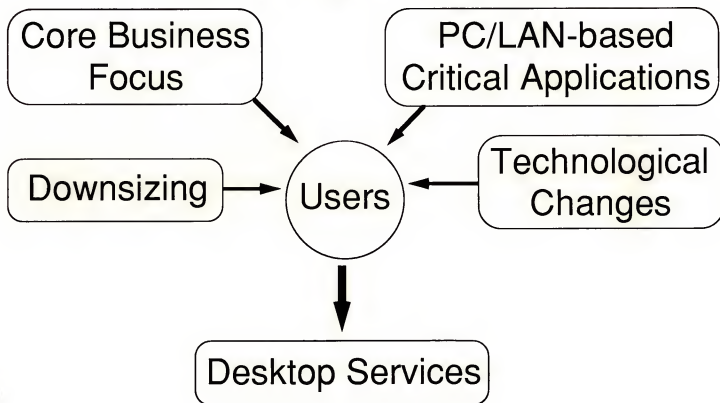


E-OU-3  
4/20/92



Desktop Services, Europe

## Driving Forces



E-OJ-4  
4/20/92



Desktop Services, Europe

## The Decision Process

Size of Organization	In-House Capability Level	Source of decision to outsource
Large organizations	High	Senior executives
Medium-sized organizations	Low	IS management

E-OU-5  
5/19/92





Desktop Services, Europe

## Major Country Markets, 1992

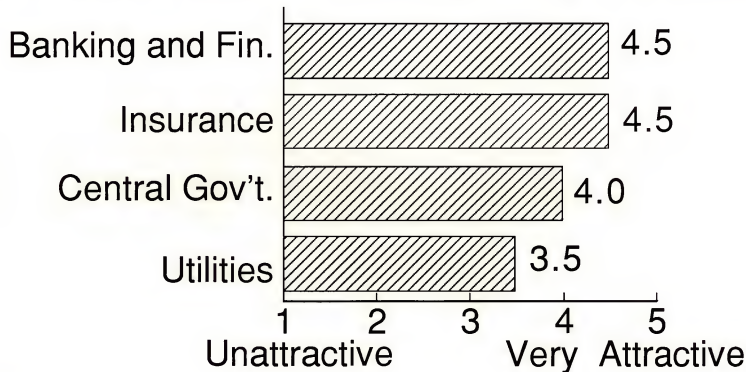
Country	1992 Revenues (\$ Millions)
United Kingdom	120
Germany	40
France	30
Netherlands	25

E-OU-6  
4/20/92



Desktop Services, Europe

## Attractiveness of Industry Sectors

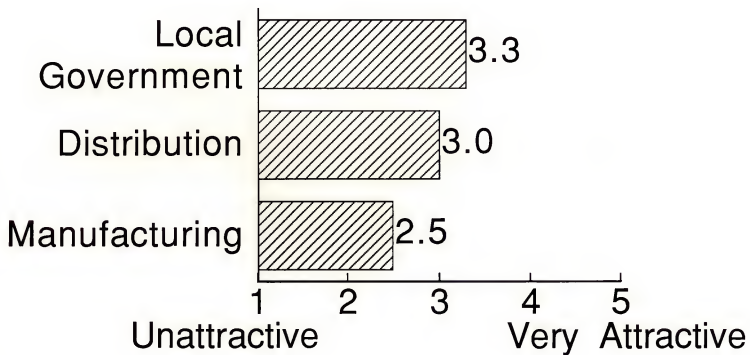


E-OU-7a  
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## Desktop Services, Europe

# Attractiveness of Industry Sectors

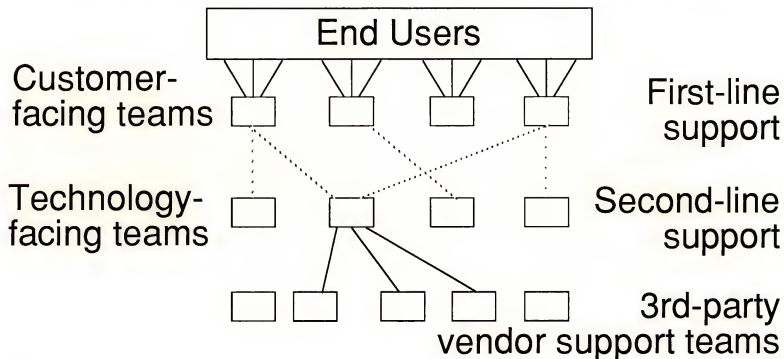


E-OU-7b  
4/20/92



Desktop Services, Europe

# Delivery of Help Desk Services



E-OU-8  
4/20/92





Desktop Services, Europe

## Pricing Mechanisms

- Cost of on-site support plus mark-up
- Monthly usage of remote help desk
- Volume discounts

E-OU-9  
4/20/92



# P&P: Service Offerings

- Contract managed support
- Dealer to Times Top 100
- Frequently take on user IS personnel
- Open relationship
- Tailored service

E-OU-10  
4/20/92

INPUT



# Delivery Capability: ICG

Service Element	Level of Capability
Purchasing consulting	High
Equipment purchase	High
Equipment maintenance	High
LAN/equipment installation	High
LAN management	High

E-OU-11a  
5/19/92



# Delivery Capability: ICG

Service Element	Level of Capability
Help desk services	
- Systems software	High
- Applications SW products	High
Second-line technical support	High

E-OU-11b  
5/19/92





Desktop Services, Europe

## Strategies: Professional Services Vendors

- Only targeting desktop services as part of wider offering
- Concentrating on network implementation and management

E-OU-16  
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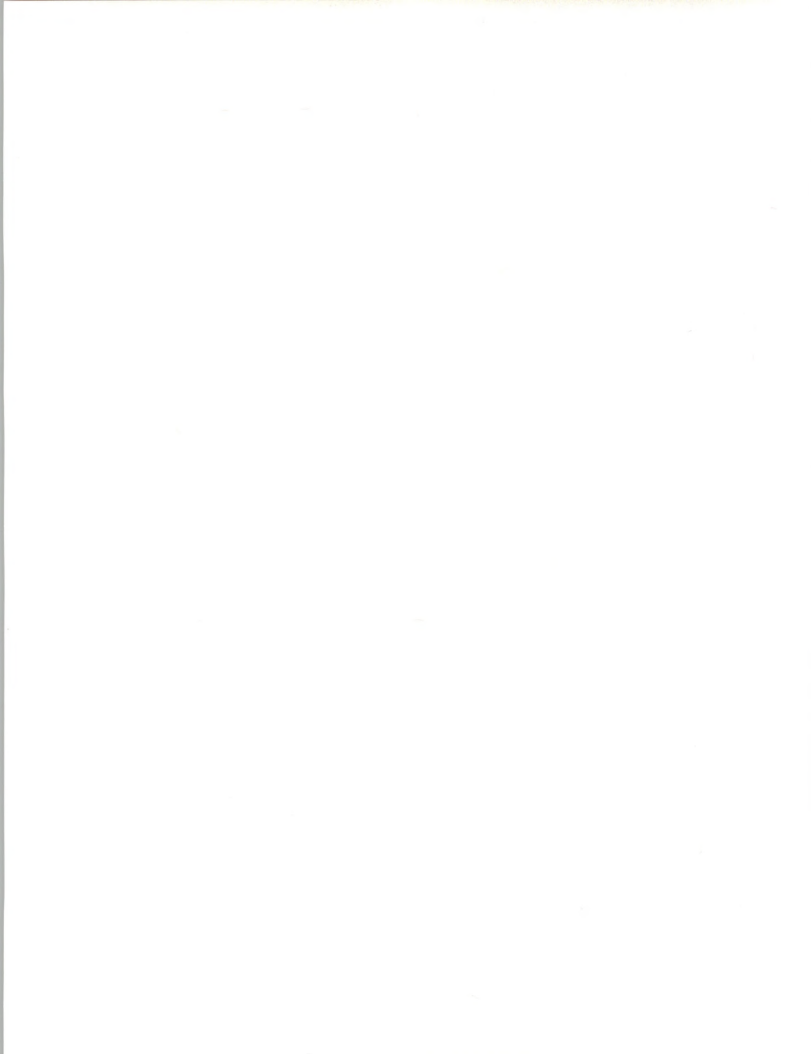


Desktop Services, Europe

## Professional Services Vendors

Strengths	Weaknesses
<ul style="list-style-type: none"><li>• Networking capability</li></ul>	Lack of supply cap.
<ul style="list-style-type: none"><li>• Synergy with systems operations</li></ul>	Lack of depth and breadth of software product knowledge
<ul style="list-style-type: none"><li>• Access to large accts.</li></ul>	Lack of ambition

E-OU-17  
4/20/92



Desktop Services, Europe

## Dealer/Distributor Strategies

- Develop pan-European capability
- One-stop shopping
- Partnerships for proprietary capability
- Major opportunity to enter high-margin services business
- Targeting system development

E-OU-18  
4/20/92



Desktop Services, Europe

## Personal Computer Dealers

Strengths	Weaknesses
<ul style="list-style-type: none"><li>• Full desktop services capability</li><li>• Breadth and depth of product knowledge</li><li>• Vendor independence</li></ul>	<ul style="list-style-type: none"><li>Lack of mainframe and midrange capability</li><li>Pan-European capabilities still embryonic</li></ul>

E-OU-19  
4/20/92





Desktop Services, Europe

## Key Trends

- Outsourcing ITTs increasingly request desktop services
- Desktop services also emerging as standalone service

E-OU-20a  
4/20/92



Desktop Services, Europe

## Key Trends

- Downsizing producing substantial market growth
- Could become dominant form of infrastructure management

E-OU-20b  
4/20/92



Desktop Services, Europe

## Vendor Challenges

- Independence of supply
- Full-service capability
- Breadth of software product support capability
- Up-to-date technical skills
- Pan-European coverage

E-OU-21  
4/20/92



# ICG Service Offerings

- Help Desk
- International account management
- Consulting services
- PC integration services

E-OU-22  
5/19/92





# ICG: Strengths and Weaknesses

Strengths	Weaknesses
Pan-European coverage	Lack industry-specific expertise
Equipment supply	Lack mainframe expertise
Breadth and depth of support capability	SO customer base

E-OU-23  
5/19/92



# Service Offering: Sema Group

- Based on LAN expertise
- Support limited application range
- Prefer remote help desk

E-OU-24  
5/19/92



Desktop Services, Europe

## Delivery Capability: Sema Group

Service Element	Level of Cap.
Purchasing consultancy	Medium
Equipment purchase	Medium*
Equipment maintenance	Medium-High*
LAN/equipment installation	High
LAN management	High

\*Via partner

E-OU-25  
5/19/92



Desktop Services, Europe

## Delivery Capability: Sema Group

Service Element	Level of Cap.
Help desk services	
-Systems software	High
-Applications software products	Medium
Second-line technical support	High

E-OU-26  
5/19/92





# Strengths and Weaknesses: Sema Group

Strengths	Weaknesses
LAN skills Willingness to support ASPs	Lack breadth of PC application support capability

E-OU-27  
5/19/92



# Overview of Outsourcing Market in Europe

E-OU-28  
5/20/92



Outsourcing, Europe

## Identification of Prospects

Low

Level of In-house  
IS Capability

Changing Co. Struct.	Remote Subsid.
Changing Business Focus	New Acquisition
Stable Well-Focused Org.	Change of CEO

High

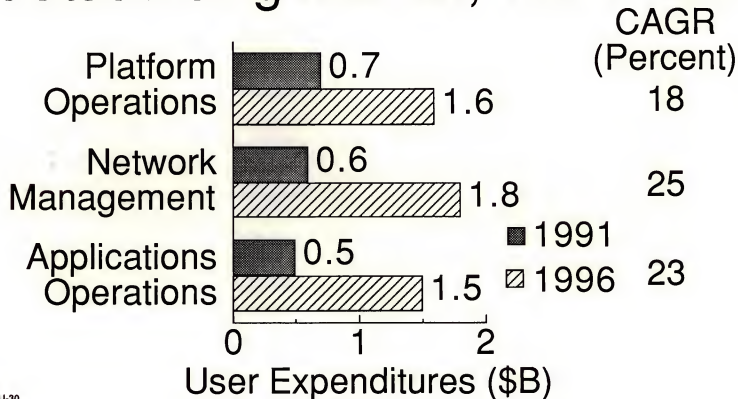
Quality of Relat. Between IS & Clients

Low

E-OU-29  
5/20/92



# Europe Outsourcing Market, 1991-1996

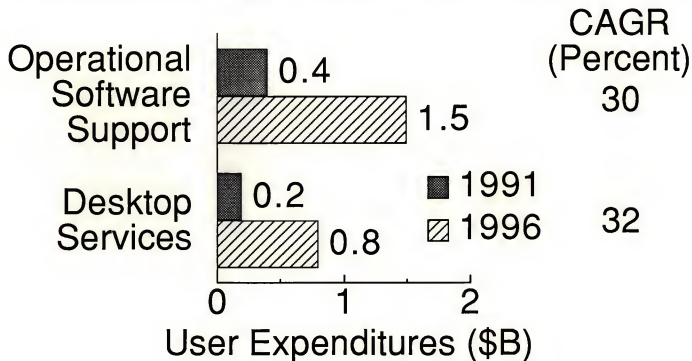


E-OU-30  
5/20/92





# Europe Outsourcing Market, 1991-1996



E-OU-31  
5/20/92



Outsourcing, Europe

## Principal Reasons for Platform Operations

Factor	Degree of Imp.
Easier planning of IS costs	High
Complexity of technology	High
Difficulty in recruiting staff	Medium
Change in technology used	Medium

E-OU-32  
6/8/93



Outsourcing, Europe

## Principal Reasons for Platform Operations

Factor	Degree of Imp.
Easier planning of IS costs	High
Complexity of technology	High
Difficulty in recruiting staff	Med.
Change in technology used	Med.

E-OU-32  
5/20/92



# Network Management Outsourcing Drivers

- Increasing reliance on the network—globalisation of business
- Increasing complexity of networking technology
- Increasing volatility of the public network infrastructure

E-OU-33  
5/20/92





# Operational Software Support Outsourcing Drivers

- Dependence on aging application systems
- Resource management difficulties
- Software staff discontent

E-OU-34  
5/20/92



# Operational Software Support Outsourcing Drivers

- New business demands on staff
- Holding action during transition
- User discontent with quality of service

E-OU-35  
5/20/92



# Operational Software Support Conclusions

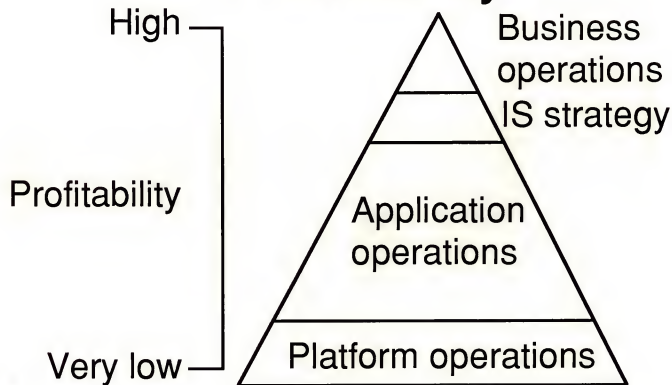
- Untapped market opportunity
- Total user spend ~ \$44 billion
- Less than 1% is outsourced
- Primary need—IS management skills

E-OU-36  
5/20/92



Outsourcing, Europe

# Profitability



E-OU-38  
5/20/92

INPUT





## Outsourcing, Europe

# Leading Vendors, 1990

Rank	Company	Est. Rev. (\$M)
1	CGS/Hoskyns	145
2	EDS	132
3	AT&T Istel	78
4	GSI	64
5	SD-Scicon	59

E-OU-39  
5/20/92



# Outsourcing Product Lines Hoskyns

- Midrange
- Mainframe
- Application management
- Desktop services

E-OU-40  
5/20/92



AT&T Istel

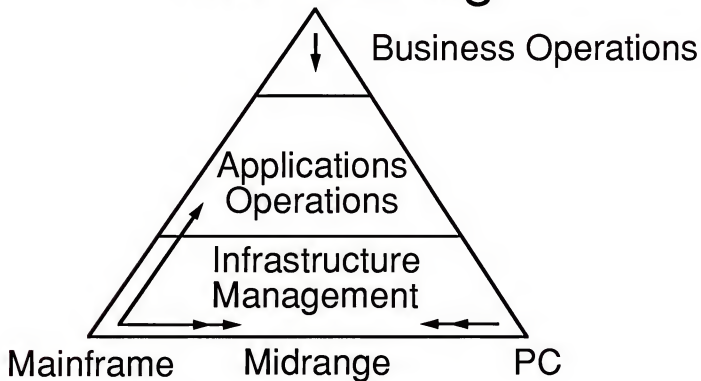
## Breakdown by Service Type Outsourcing Customer Base

Service	(%) of Contracts
FM and efficiency mgmt.	55
Service management	35
Change management	5
Information systems mgmt.	5

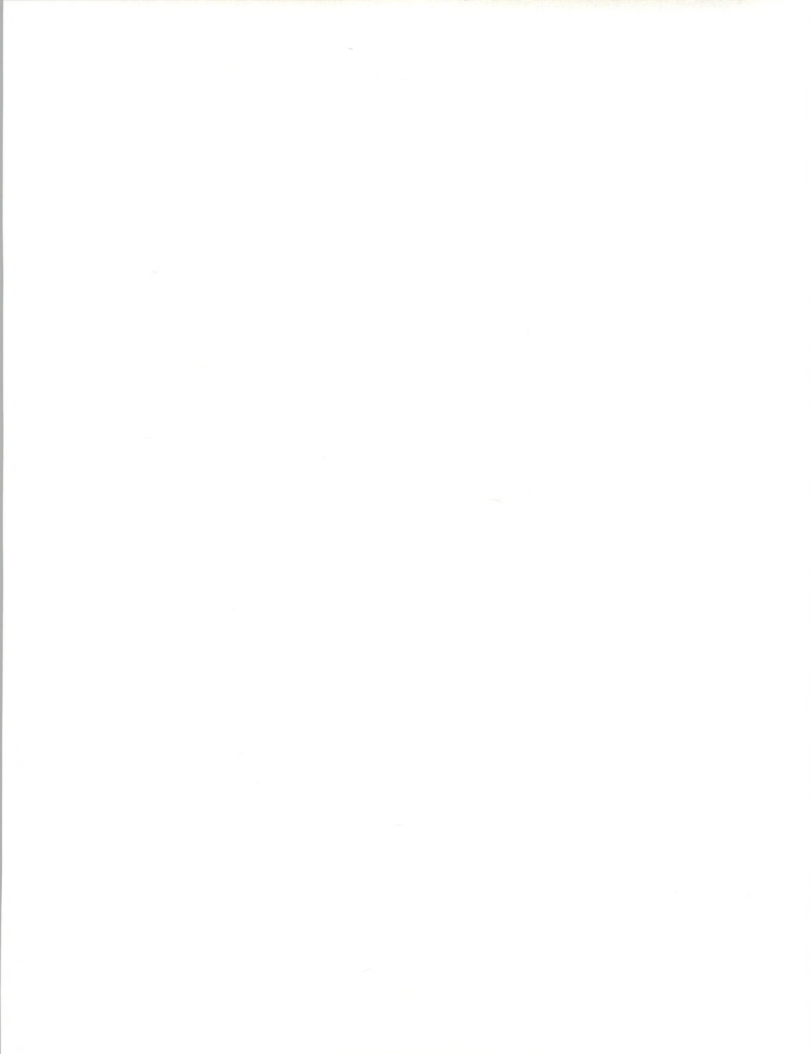
E-OU-41  
5/20/92



# Evolution of European Outsourcing



E-OU-42  
6/8/93





# Downsizing

## What Is Its Meaning?

- Something new
- Something old
- Downsizing = Upsizing
- Downsizing = Smartsizing = Upsizing  
Rightsizing

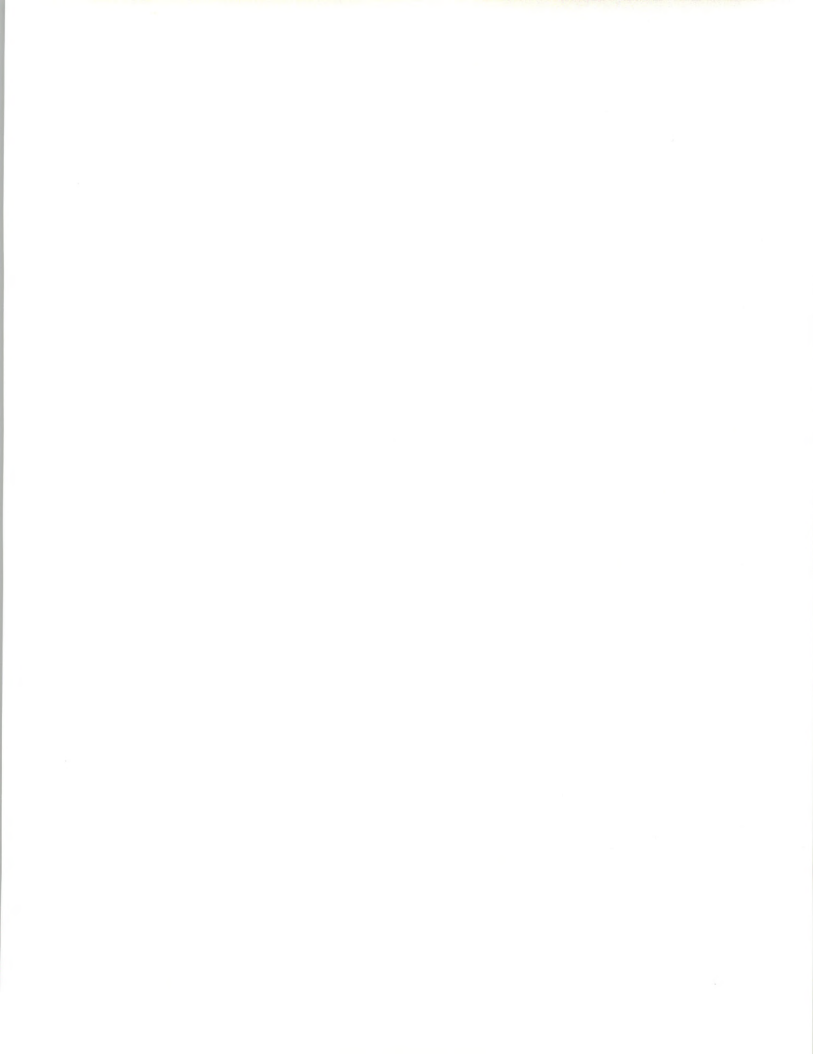
E-OU-43  
5/28/92



# Hoskyns—Application Management Contracts

Company	Contract Details
ICI Agrochemicals	Transfer of 57 personnel
PowerGen	Support for non-strategic systems
Prudential Holborn	Maintenance/enhancement

E-OU-44  
6/23/92



# Data Sciences: Strategy

- Develop existing client base
- Target applications development for medium-sized organisations
- Partner Computeraid for desktop services

E-OU-45  
6/23/92



# Data Sciences Outsourcing Contracts

Client	Contract Details
Sedgwick	Potentially 2,000 PCs
Sphere Drake	Downsizing to PC LAN
National Grid	UNIX-based network

E-OU-46  
6/23/92





# Andersen Consulting Outsourcing Strategy

- Low emphasis on platform operations
- Target application management
- Target business process services

E-OU-47  
6/23/92



# Andersen Consulting—Examples of Outsourcing Contracts

Company	Contract Details
Thames Water	Transition management
Stock Exchange	Platform operations
Yorkshire RHA	Transition management

E-OU-48  
6/23/92



# TeleCom Capita Outsourcing Activities

- Purchased Royal Institute of Public Administration
- Takeover of local government revenue collection
- Collects community charge for 23 councils

E-OU-49  
6/23/92



Desktop Services, Europe

## P&P: Strengths

- Targeting Times Top 100
- Vendor independence
- Breadth and depth of PC knowledge

E-OU-50  
6/23/92





Desktop Services, Europe

## P&P: Weaknesses

- Lack of proprietary systems operations capability
- European coverage
- Lack of industry expertise

E-OU-51  
6/23/92



## Digital U.K. Outsourcing Revenues

Service Category	Annual Revenues (£M)
Systems operations	7
Network management	6
Desktop services	5
Total	18

E-OU-52  
6/23/92



# Digital—Outsourcing Target Markets

- Finance sector
- Utilities
- Retail sector

E-OU-53  
6/23/92



# Axone: Outsourcing Strategy

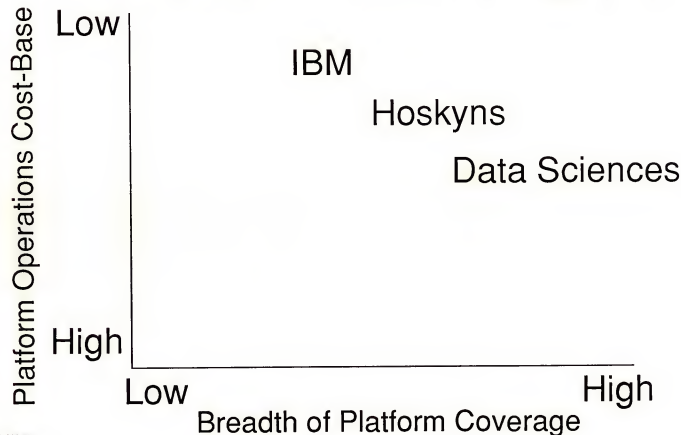
- High growth from transition management services
- Developing multivendor platform operations
- Application management on midrange platforms

E-OU-54  
6/23/92





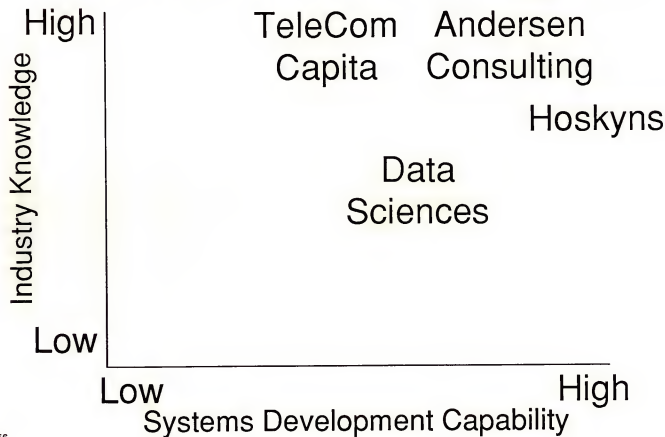
# Vendor Positioning (1)



E-OU-55  
6/23/92



## Vendor Positioning (2)



E-OU-56  
6/23/92



# Outsourcing Vendor Strategies

E-OU-57  
6/23/92

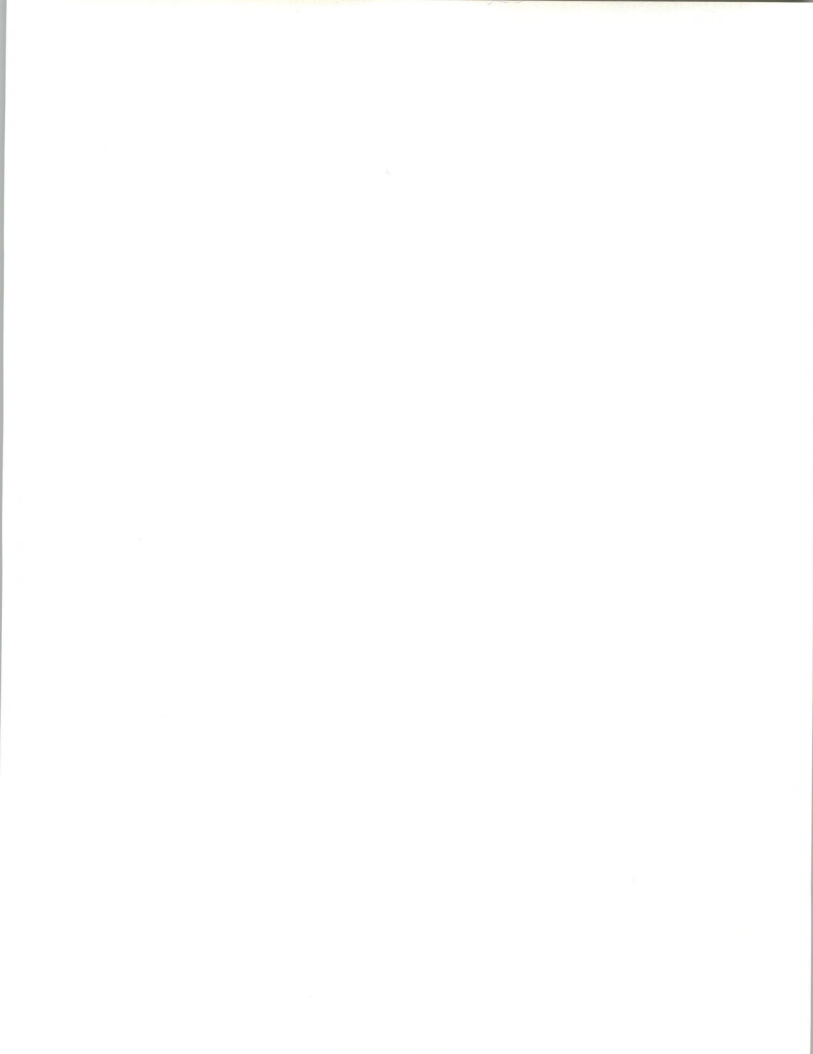


Software and Services, Europe

## Key User Demands

- Value for money
- Cost reduction
- Effectiveness

E-OU-58  
9/1/92





Software and Services, Europe

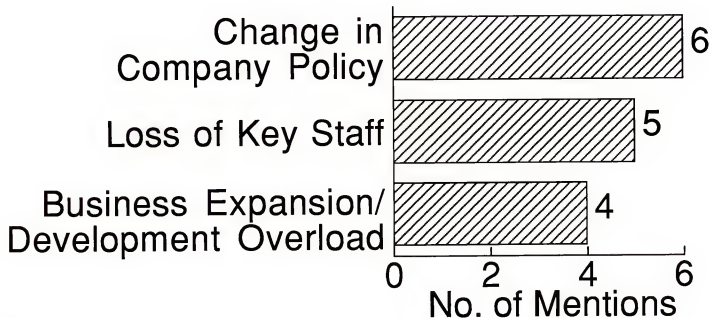
## Seeking Cost Reductions for IT

- Downsizing
- Outsourcing
- 80% solutions

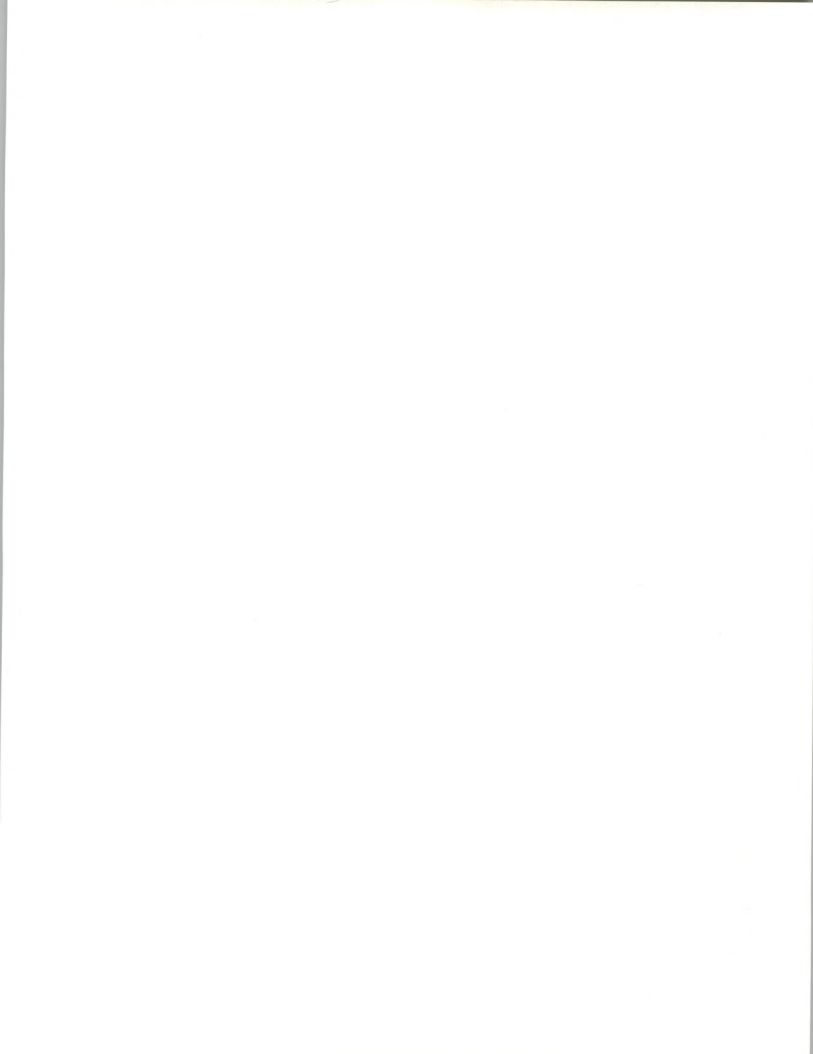
E-OU-59  
9/1/92



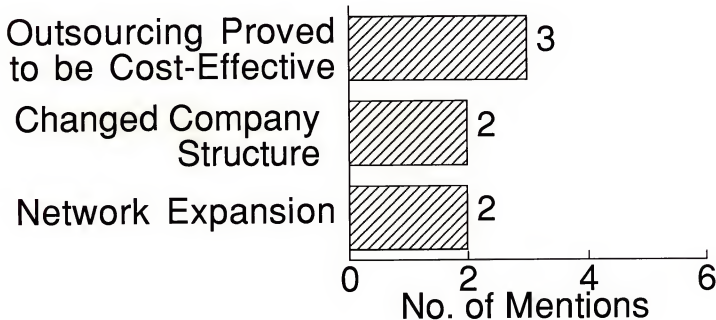
# Circumstances for Adoption of Outsourcing IS Managers, Europe



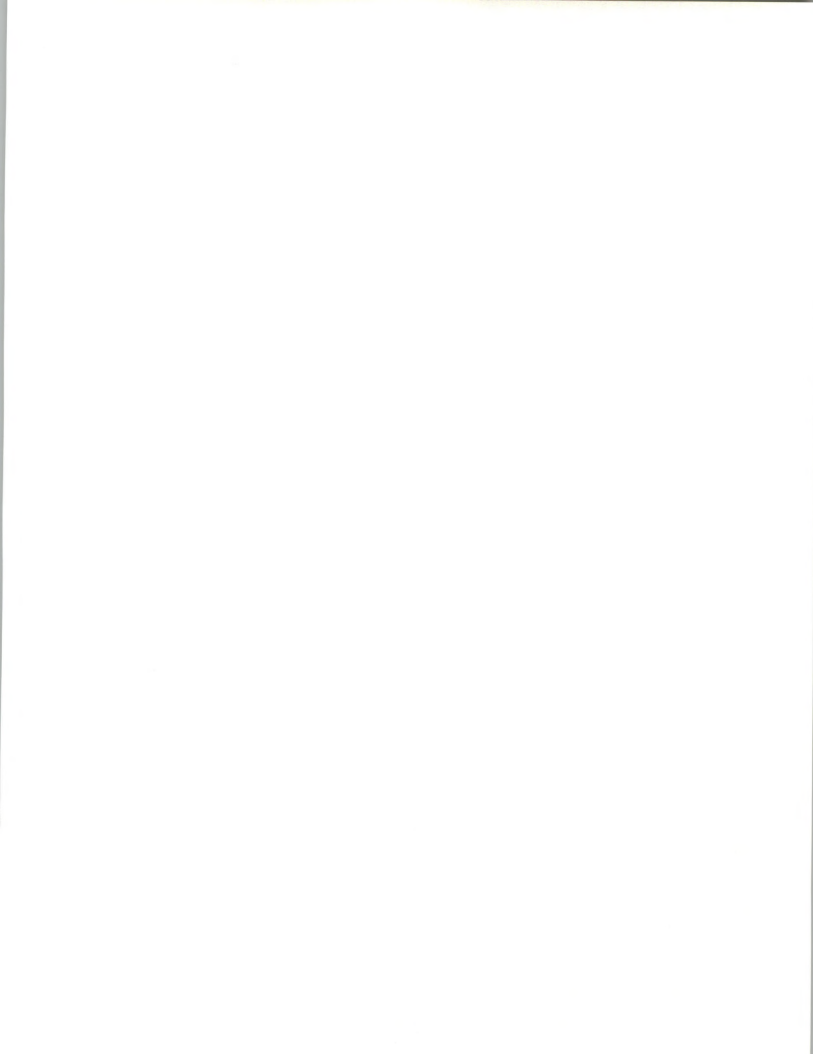
E-OU-61  
9/1/92



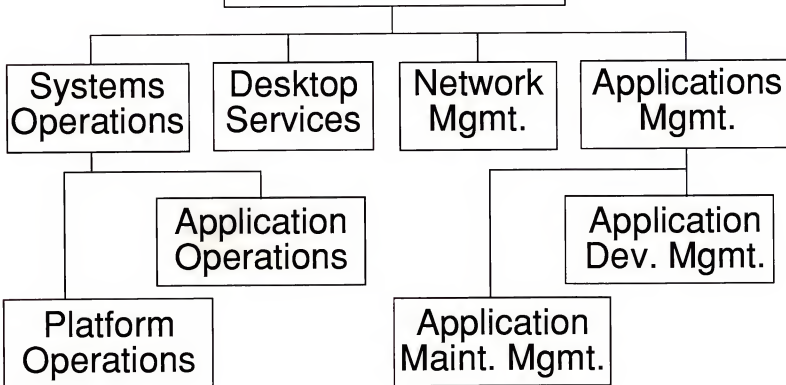
# Circumstances for Adoption of Outsourcing IS Managers, Europe



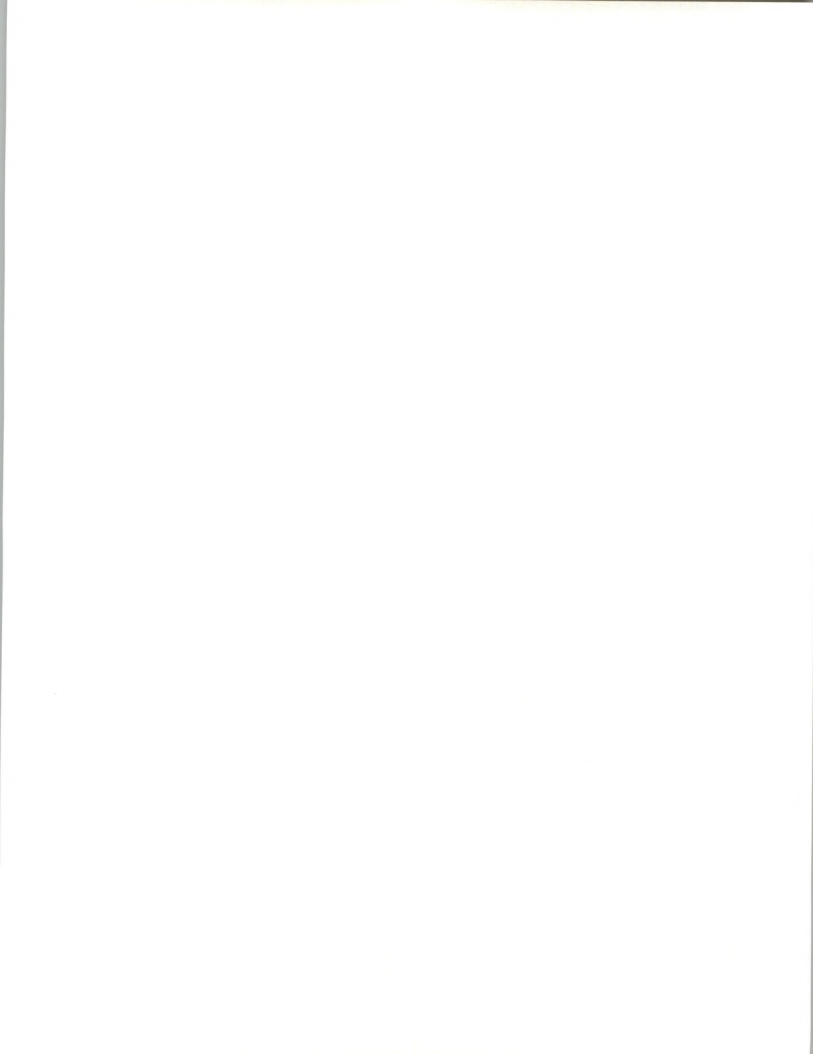
E-OU-62  
9/1/92



# Outsourcing

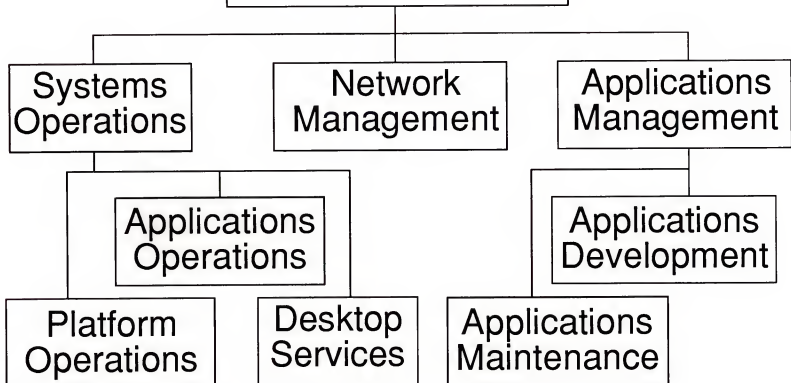


E-OU-65  
12/21/92





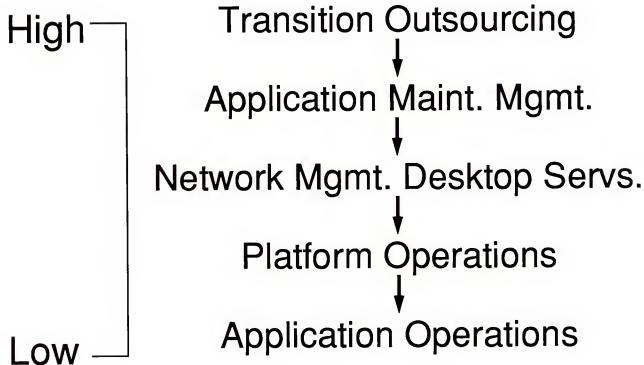
# Outsourcing



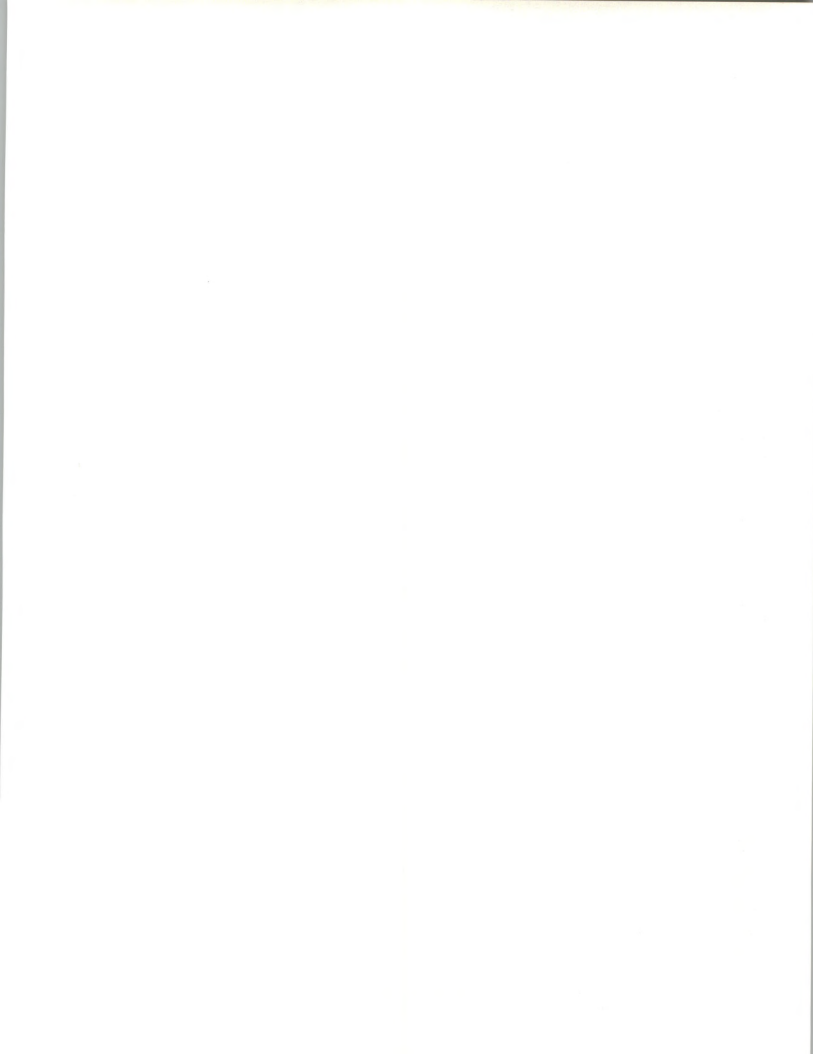
E-OU-65  
6/8/93



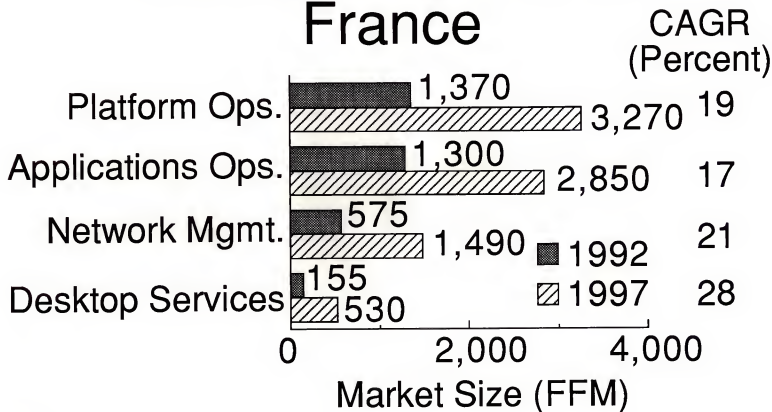
# User Propensity to Outsource



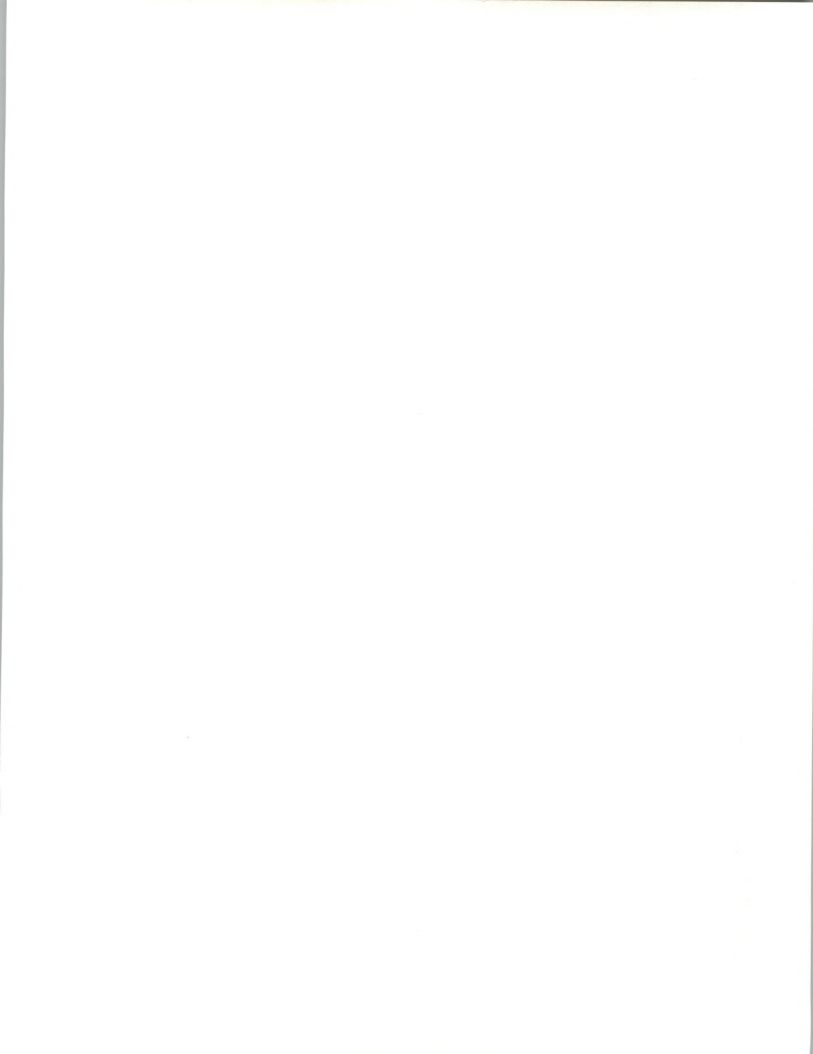
E-OU-66  
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# Outsourcing Market France



E-OU-67  
12/21/92

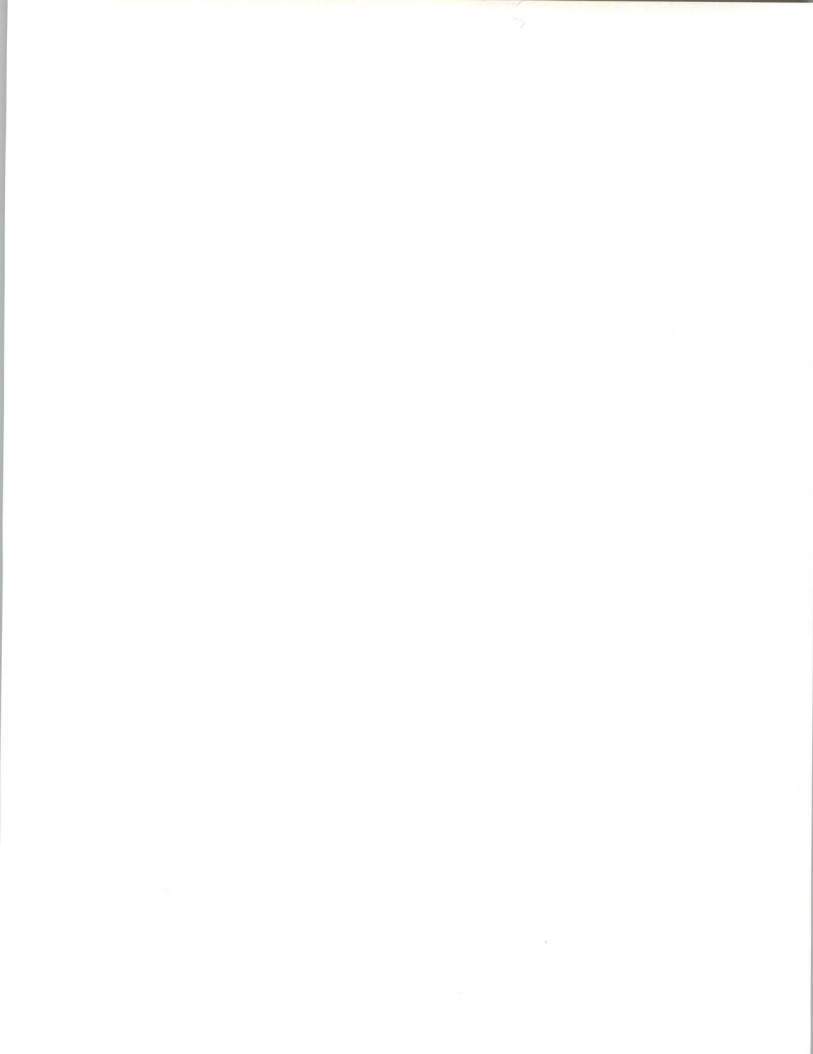


France, 1991

## Outsourcing Revs. by Industry

Sector	Revs. (FFM)	Prop. (%)
Manufacturing	1,000	35
Distribution	500	18
Public	480	17
Financial Services	400	14
Other	470	16

E-OU-68  
12/21/92



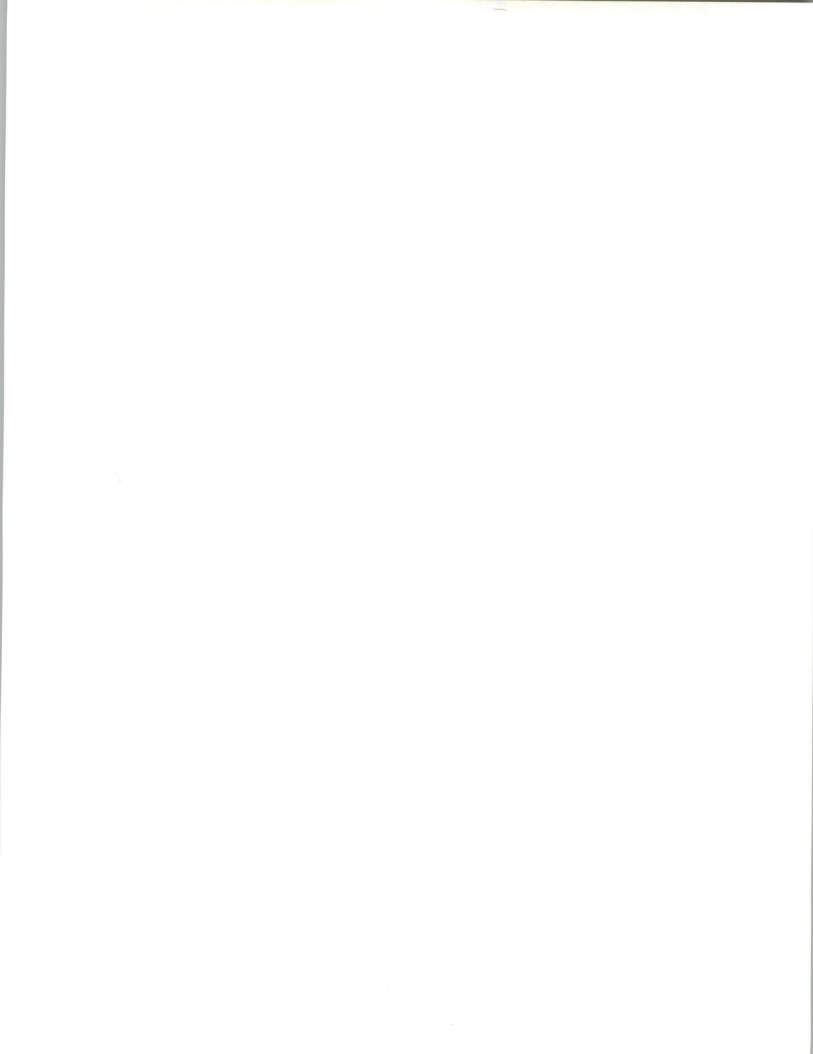


Europe, 1991

## Leading Outsourcing Vendors

Vendor	Revs. (\$M)	Share (%)
EDS	270	12
CGS	230	10
Sema	100	4
GSI	90	4
AT&T Istel	80	3

E-OU-69  
12/21/92

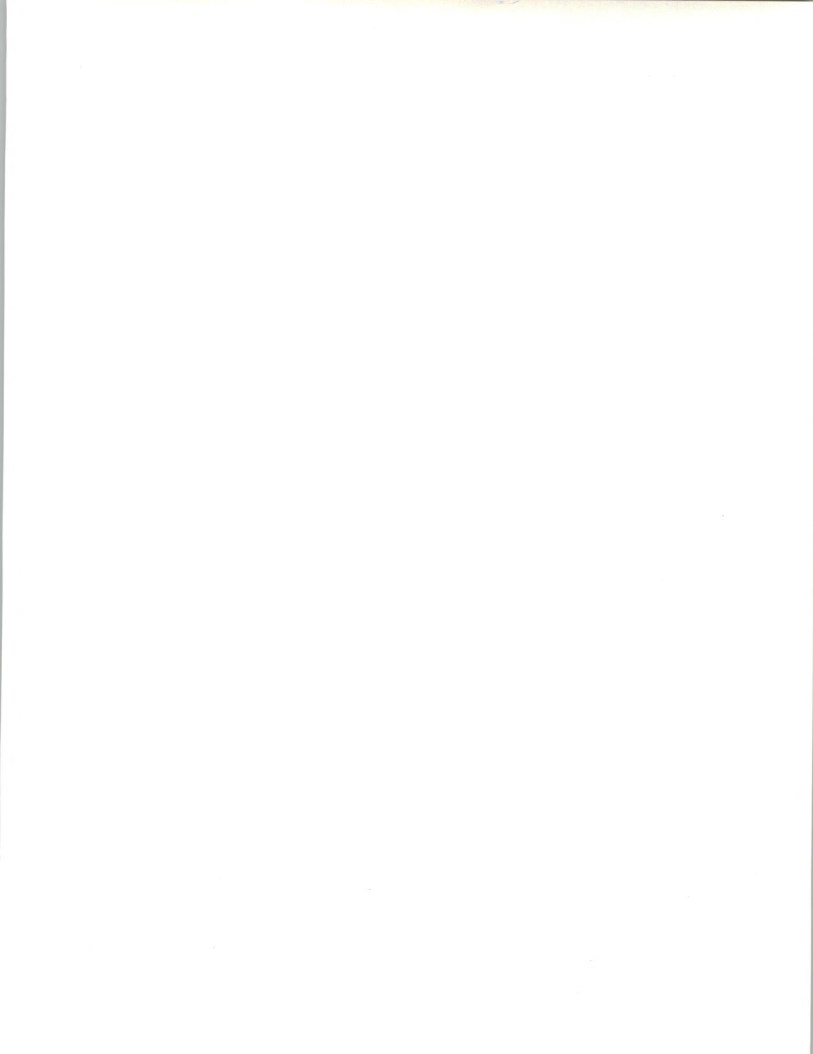


France, 1991

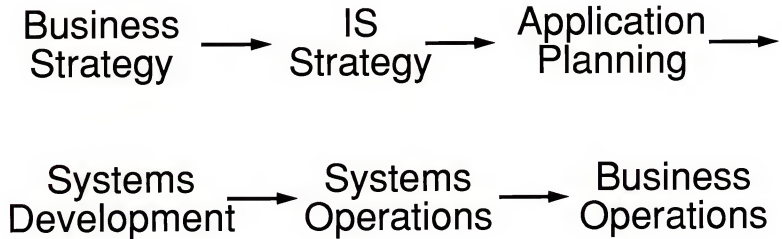
## Leading Outsourcing Vendors

Vendor	Revs. (FFM)	Share (%)
EDS-GFI	550	19
GSI	330	12
Télésystèmes	270	9
Axone	180	6
CISI	175	6

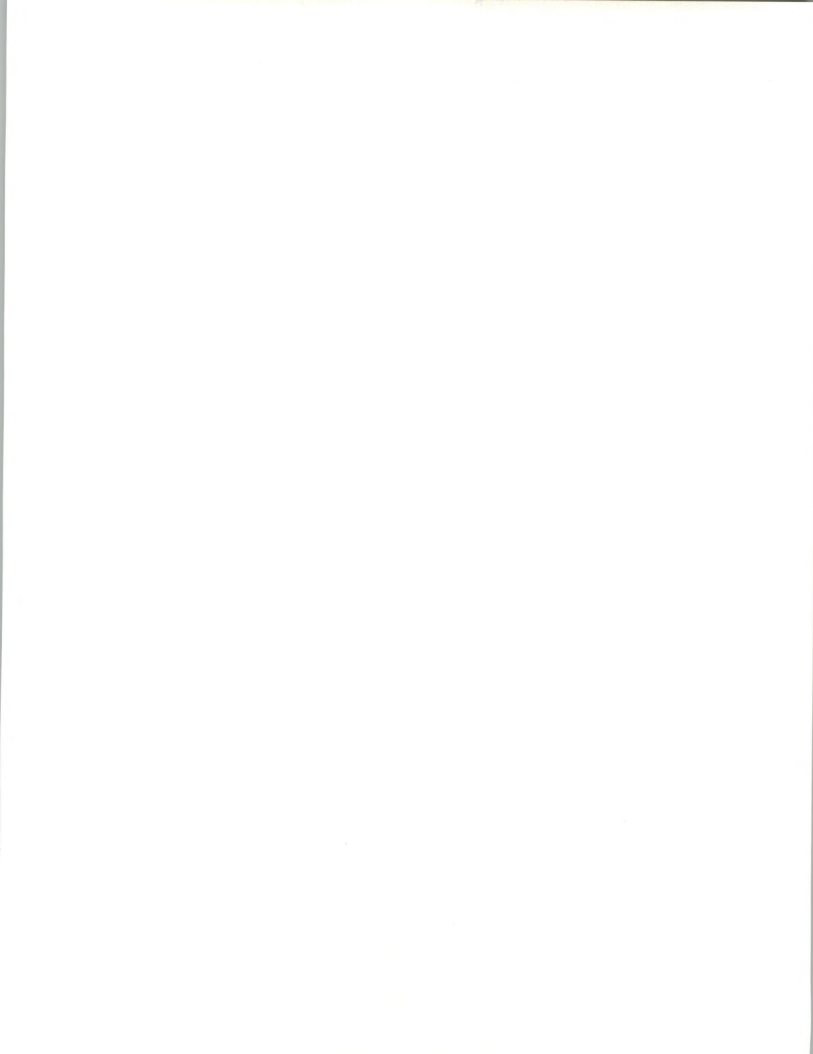
E-OU-70  
12/21/92



# The CSC Value Chain

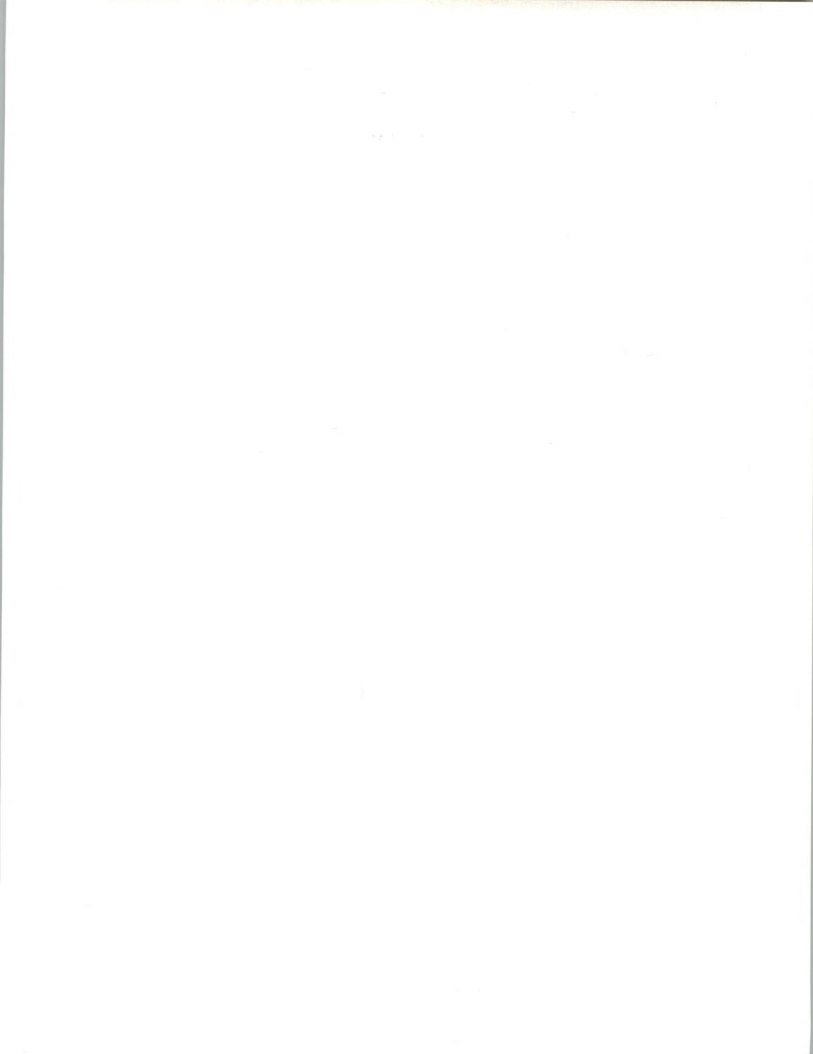


E-OU-71  
12/21/92



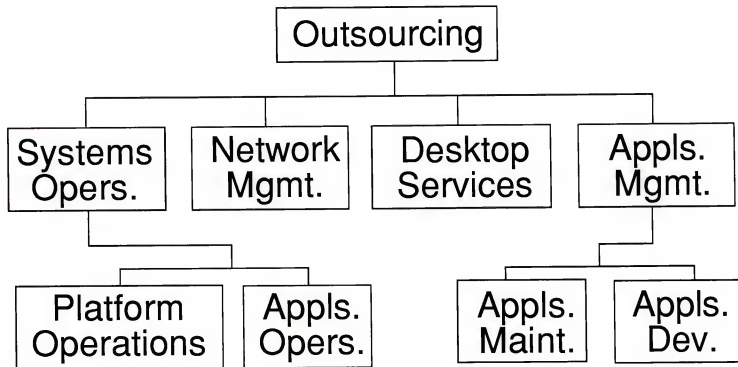
# Applications Maintenance Management

E-OU-72  
2/11/93

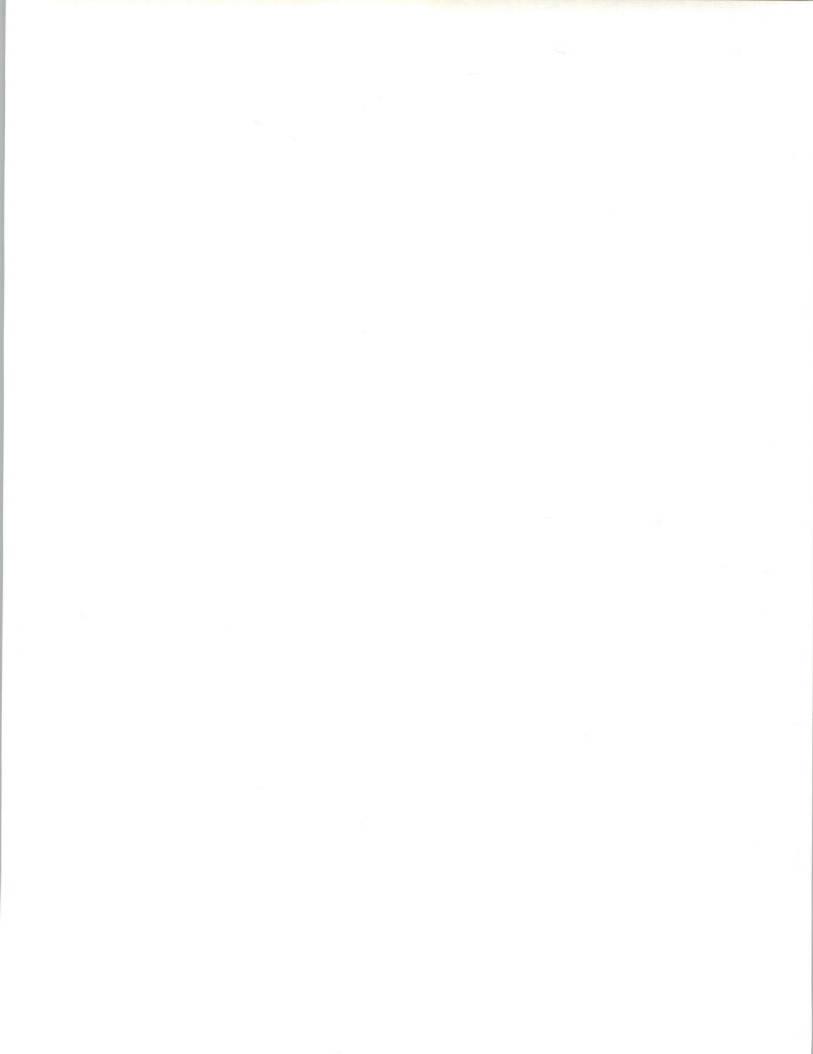




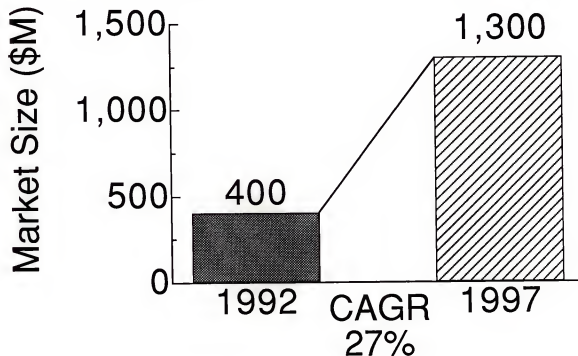
# Scope of Outsourcing



E-OU-73  
2/11/93



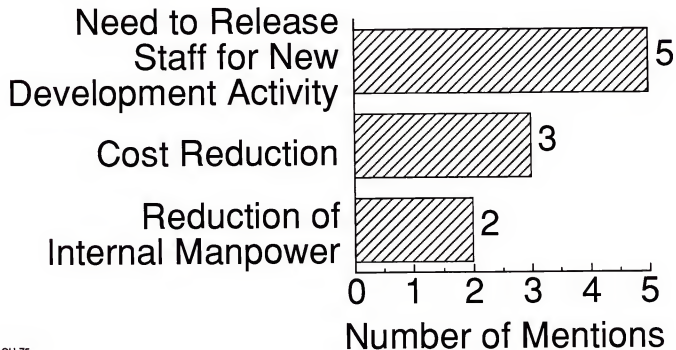
# Applications Maintenance Management, Europe



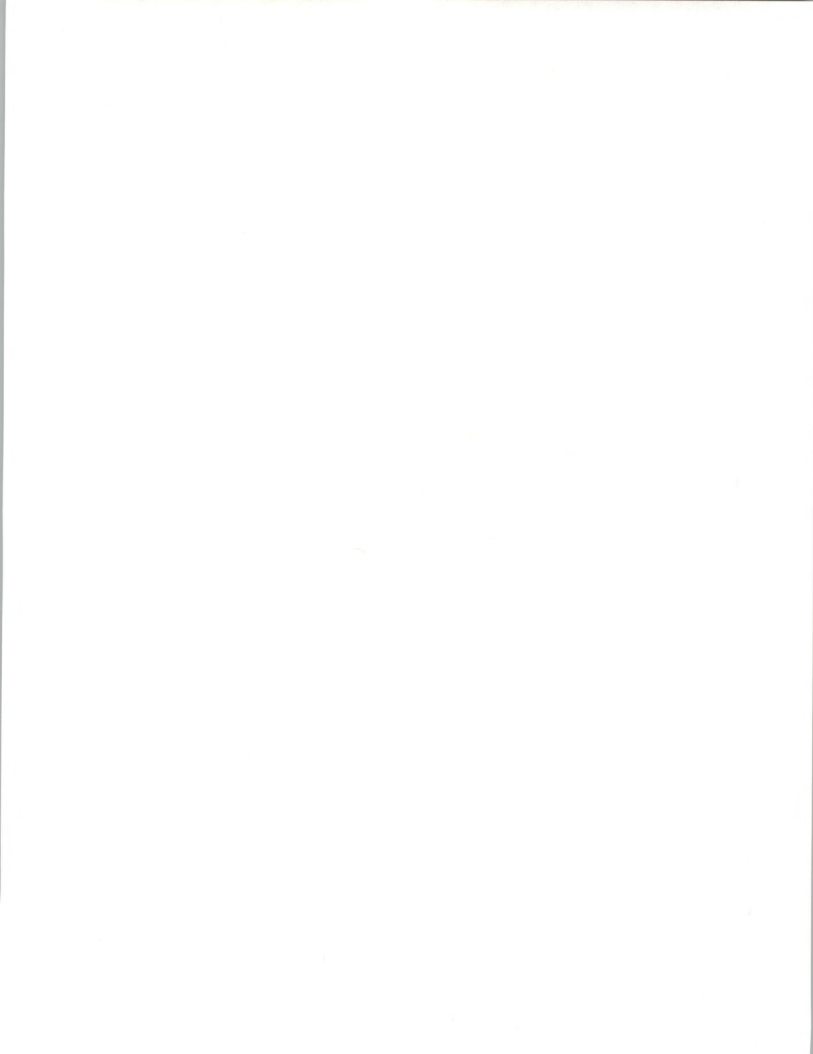
E-OU-74  
2/11/93



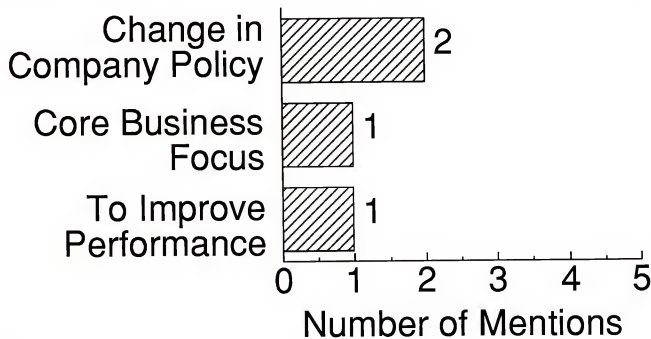
# Reasons for Adopting Application Maintenance Mgmt.



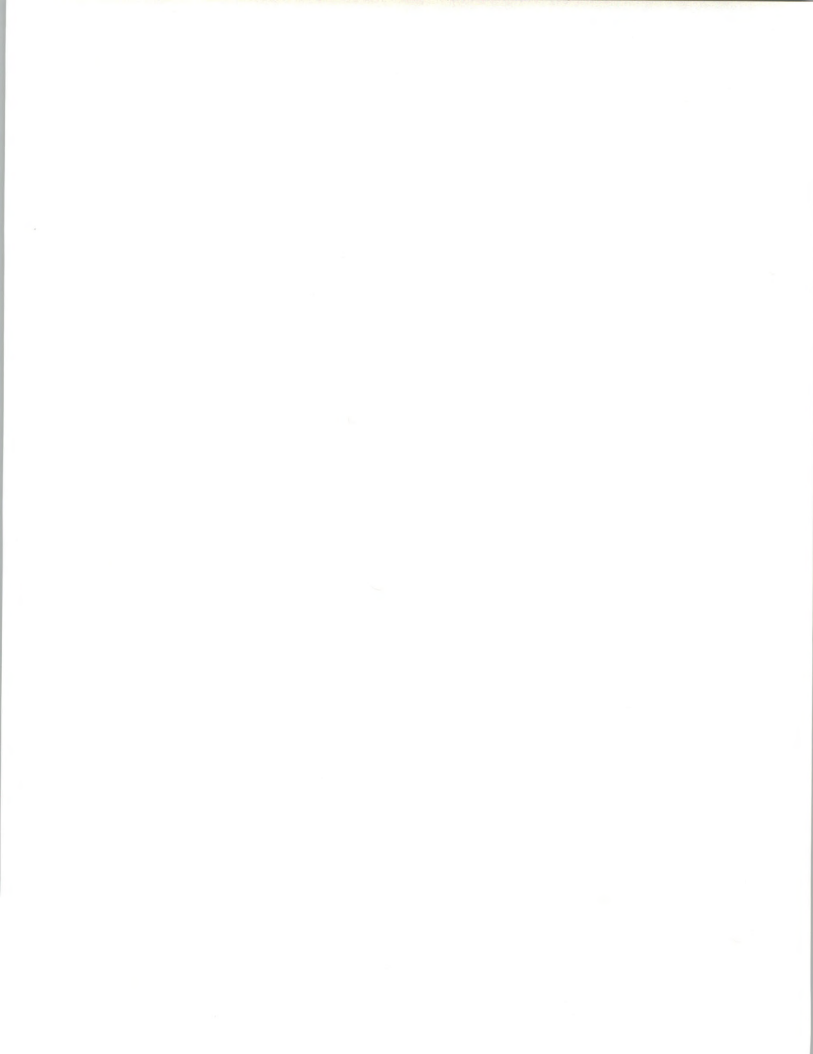
E-OU-75  
2/11/93



# Reasons for Adopting Application Maintenance Mgmt.



E-OU-76  
2/11/93

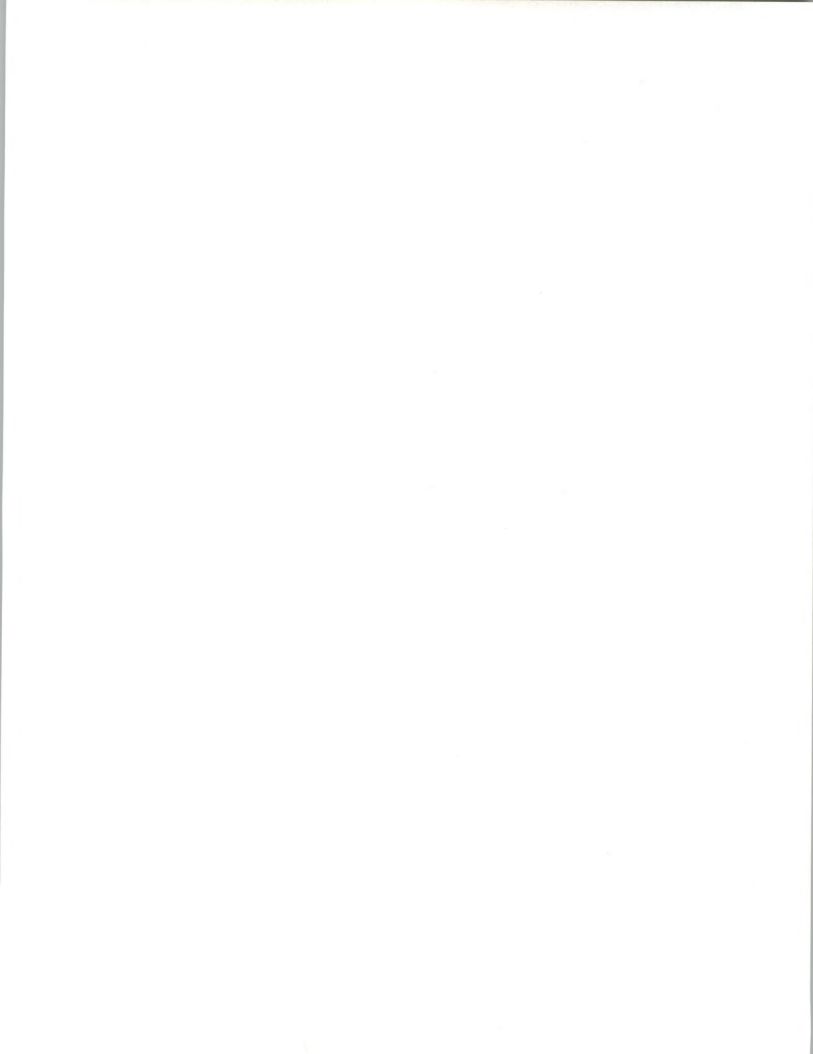




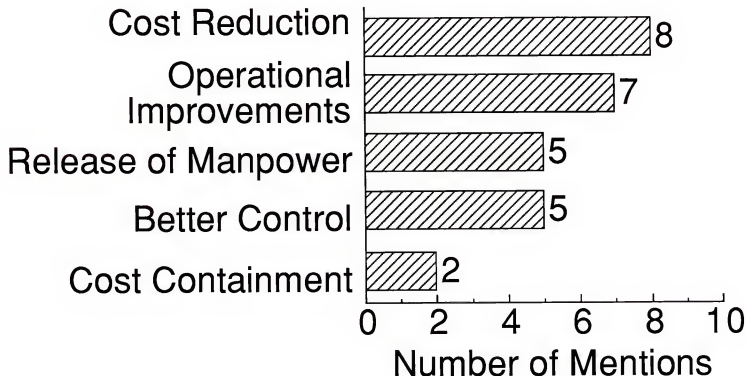
# Profile of Typical Application Maintenance Mgmt. Contract

- Value \$2 million over three years
- Covers all commercial applications
- Cobol predominant language used
- Users highly satisfied

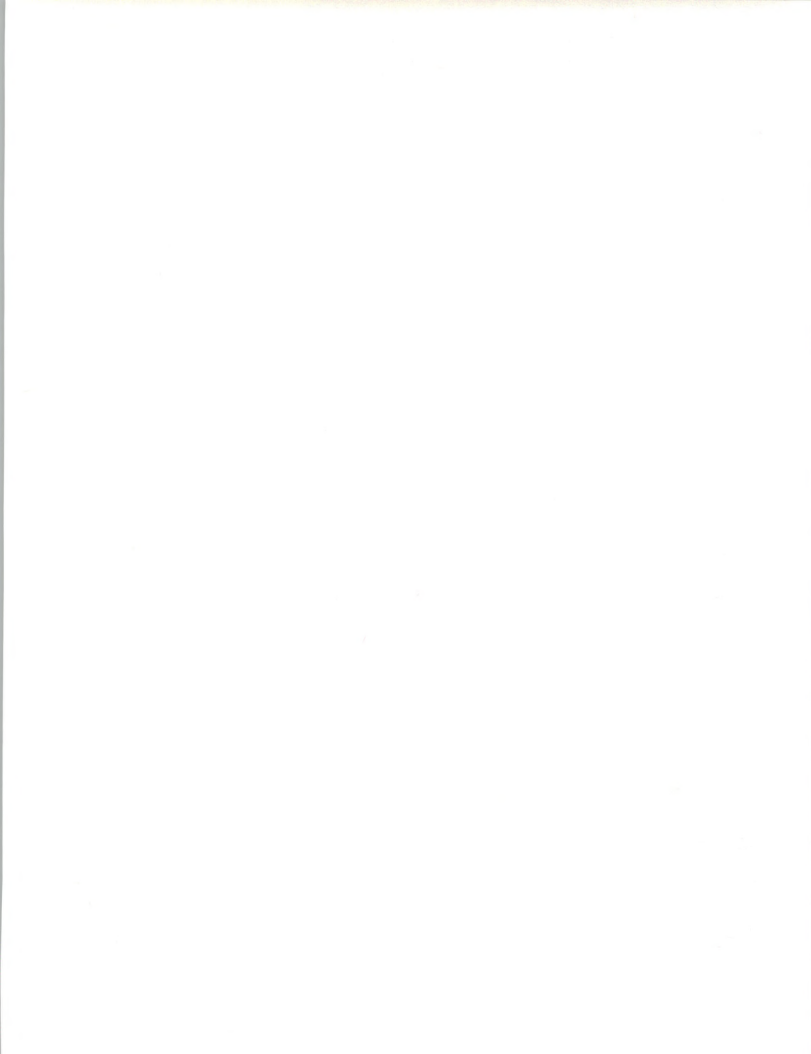
E-OU-77  
2/11/93



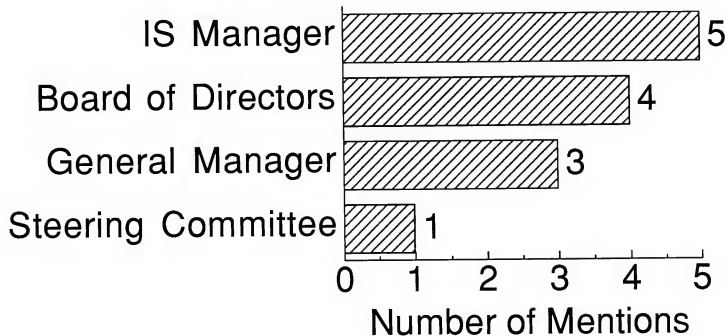
# Benefits Achieved



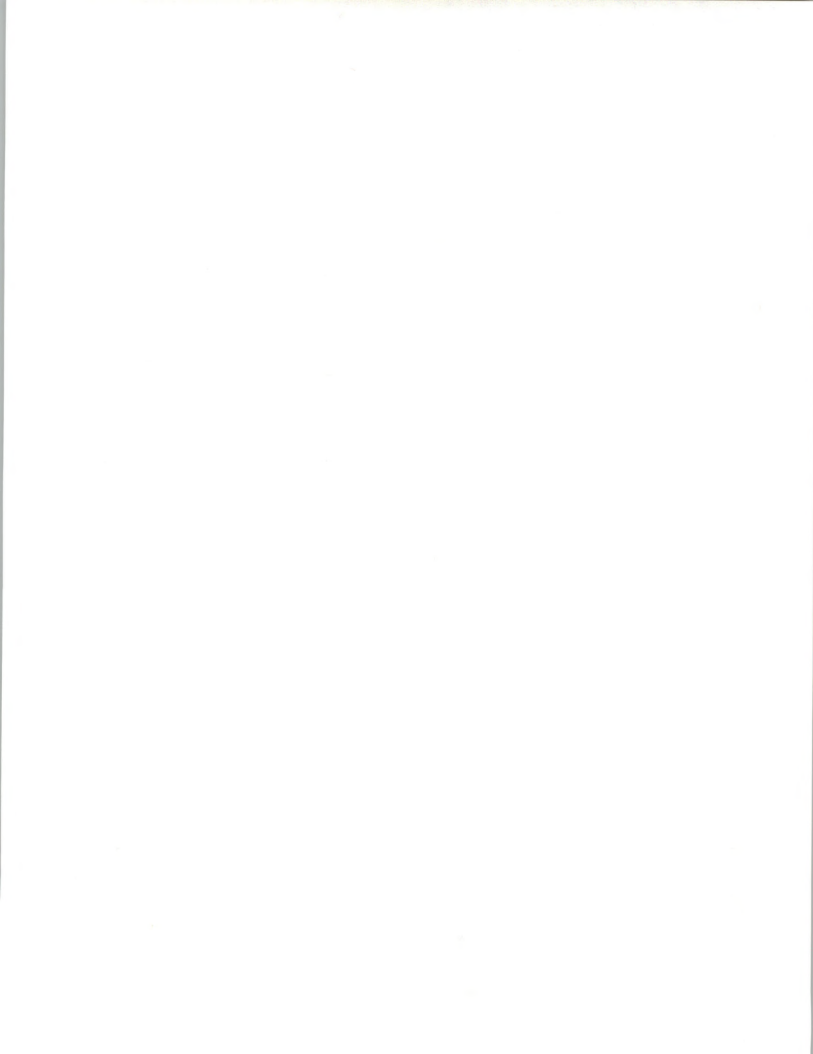
E-OU-78  
2/11/93



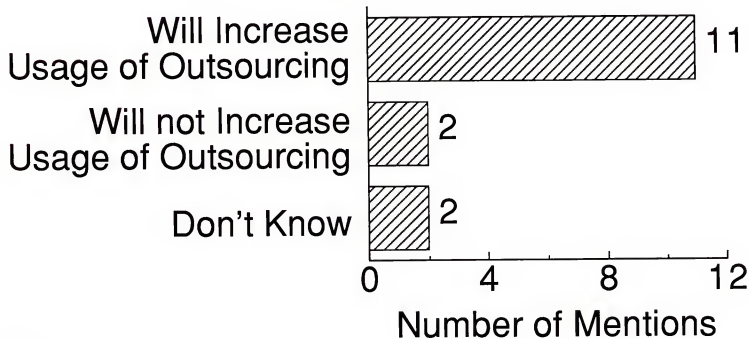
# Key Decision Makers



E-OU-79  
2/11/93



# Future Outsourcing Intentions

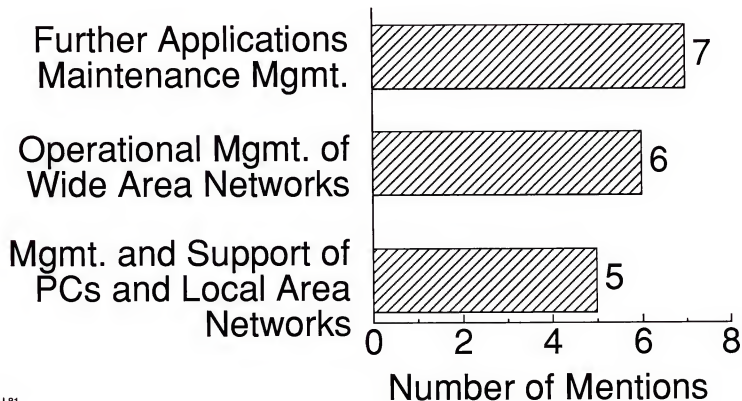


E-OU-80  
2/11/93

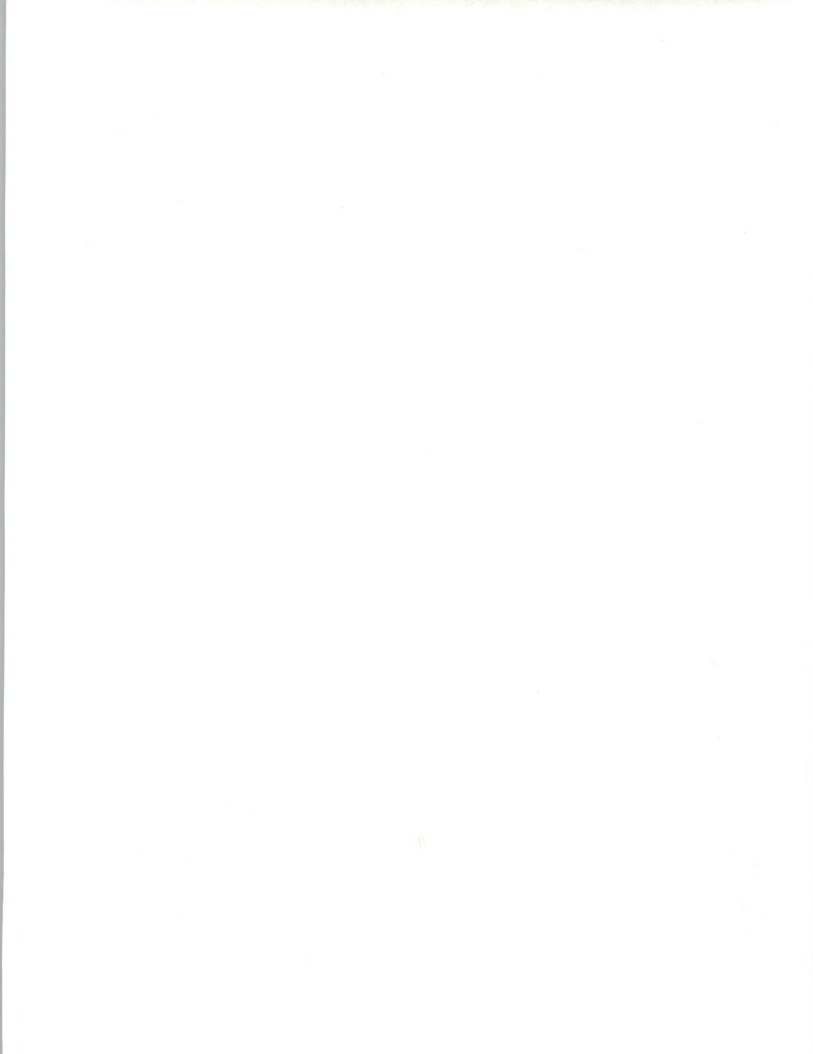




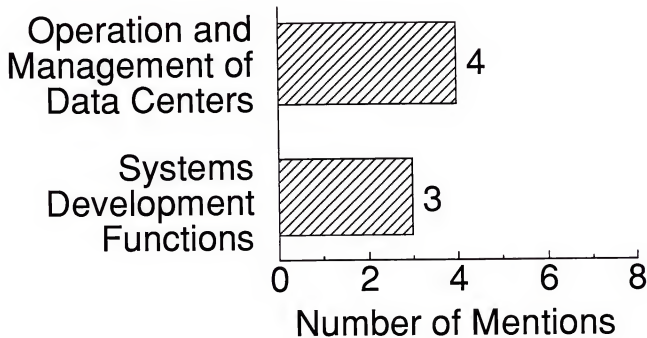
# Future Outsourcing Intentions



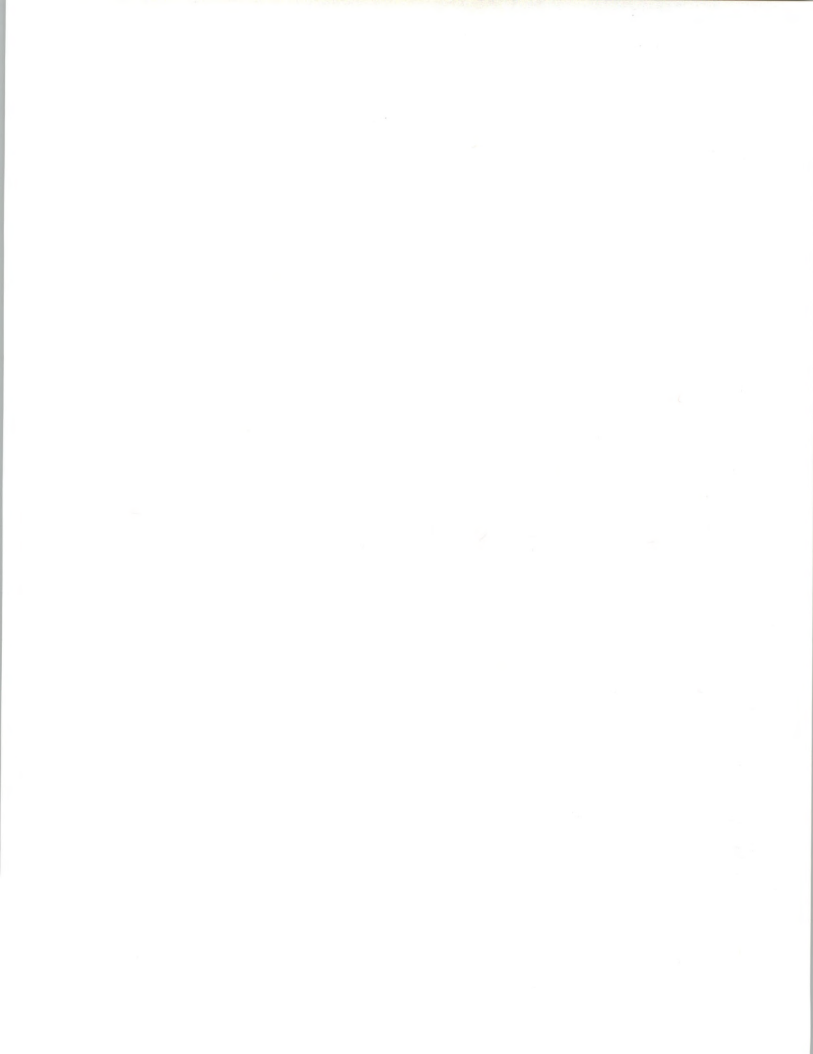
E-OU-81  
2/11/93



# Future Outsourcing Intentions

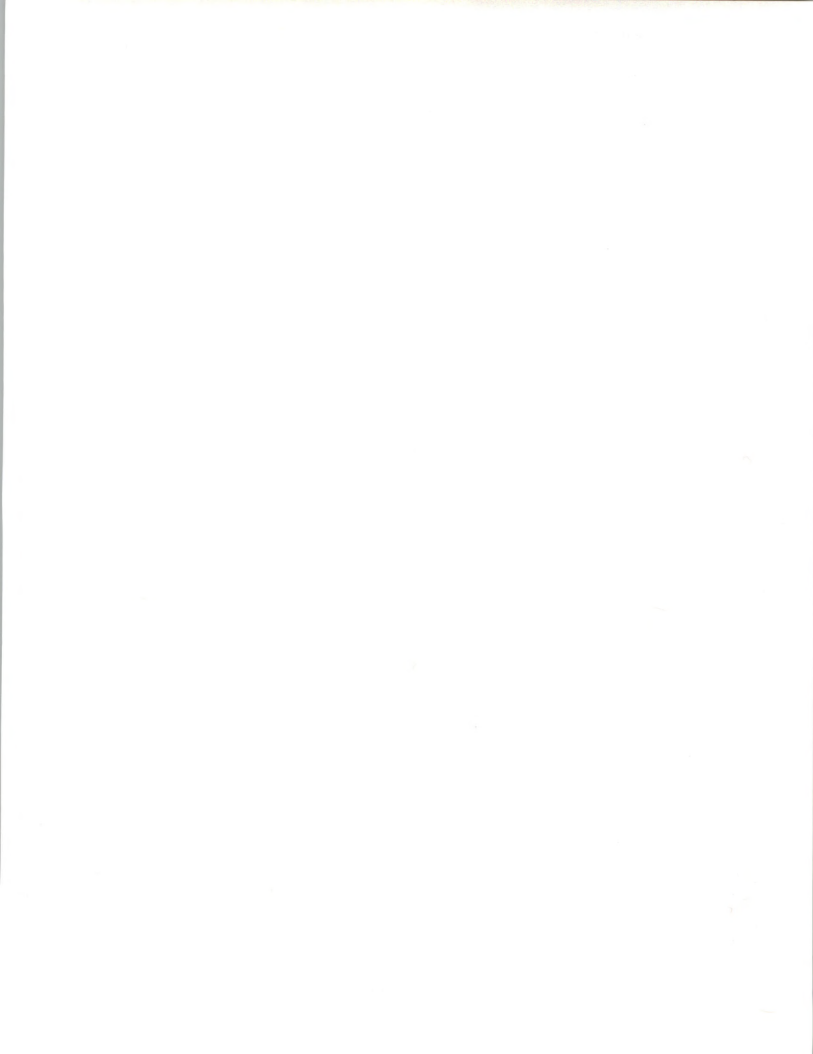


E-OU-82  
2/11/93

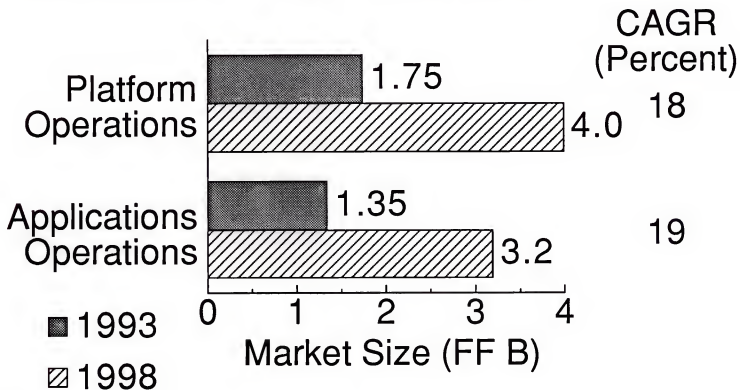


# Outsourcing Growth Opportunities

E-OU-83  
6/8/93



# Outsourcing Market, France



E-OU-84  
6/8/93





## Major Outsourcing Contracts, 1992-1993

Client	Vendor	Contract Value (\$M)	Number of Years
East Midlands Electricity	Perot Systems	600	12
Europcar	Perot Systems	400	10

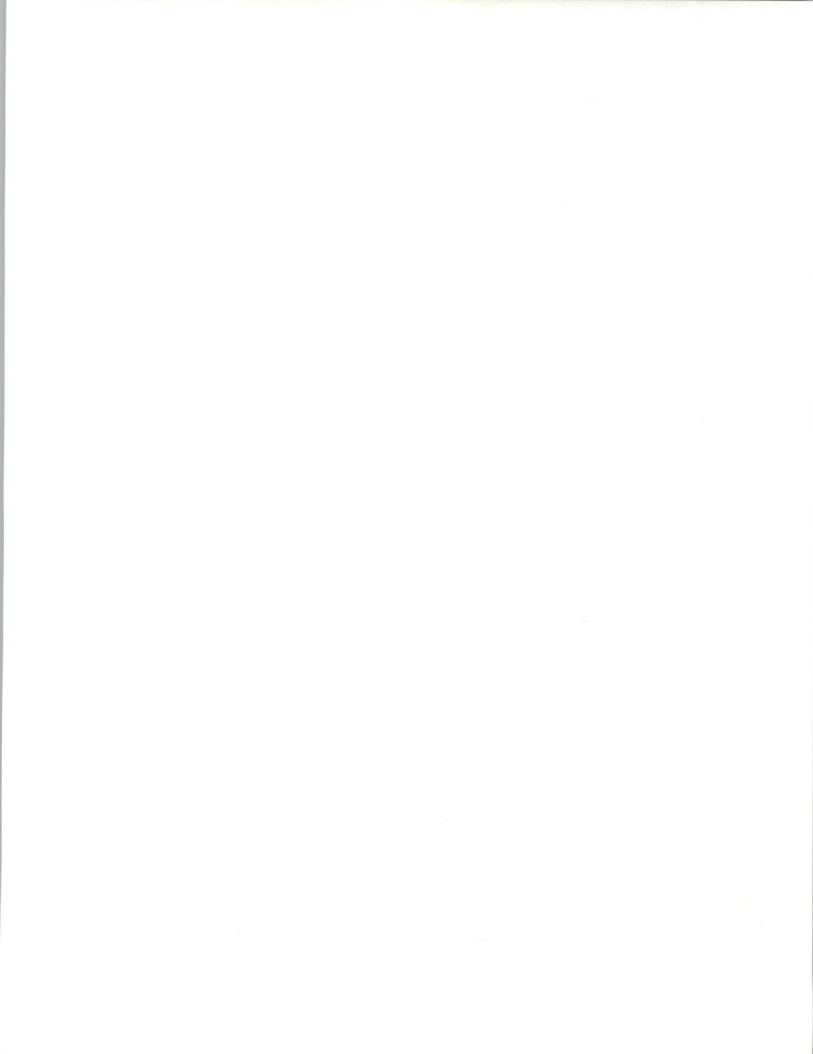
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6/8/93



## Major Outsourcing Contracts, 1992-1993

Client	Vendor	Contract Value (\$M)	Number of Years
BHS	CSC	200	11
Kooperativa Forbundet	EDS	≈1,000	10

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## Systems Operations, Europe

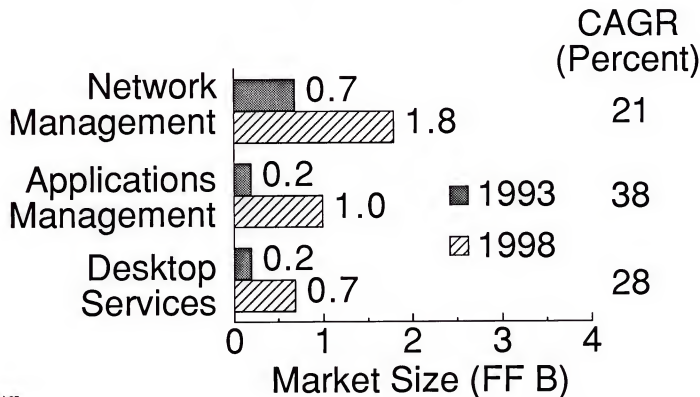
# Contract Length by Contract Type

Contract Type	Avg. Contract Length (Years)
Platform Operations	3.5
- Transition Outsourcing	2.5
- Other Platform Operations	4.5
Applications Operations	5

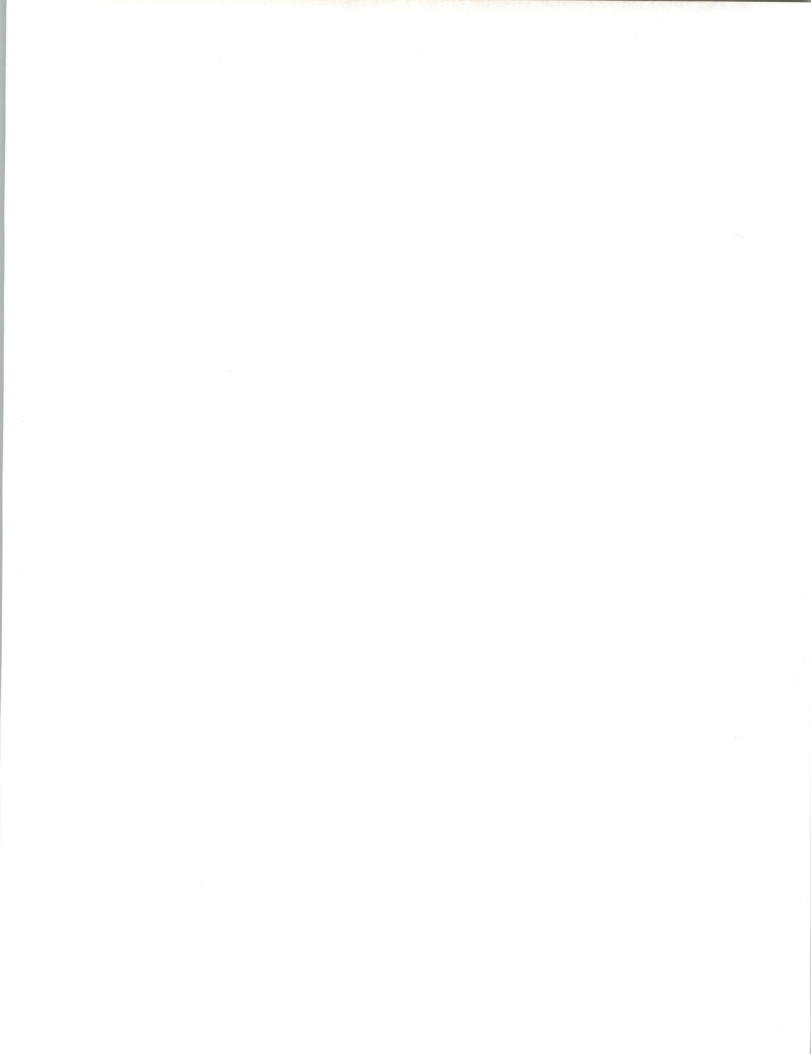
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# Outsourcing Market, France

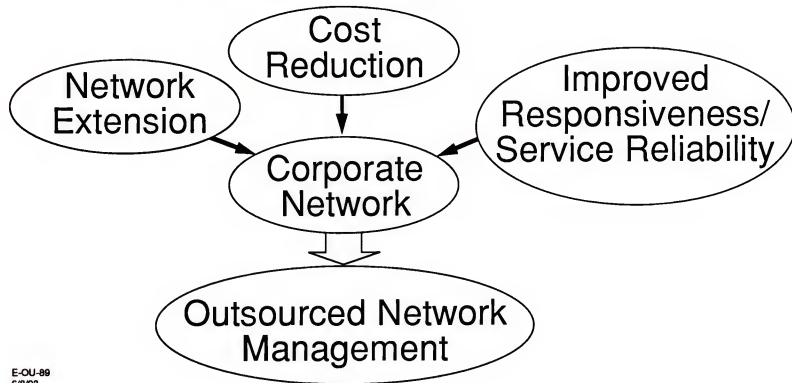


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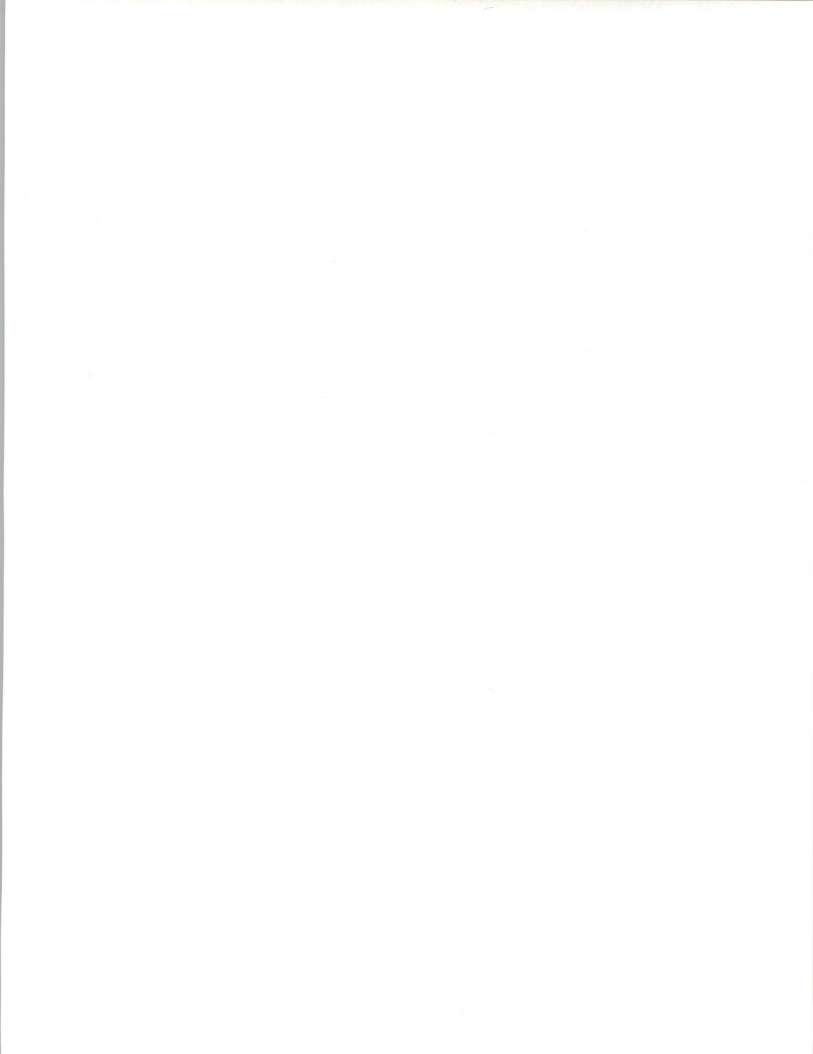




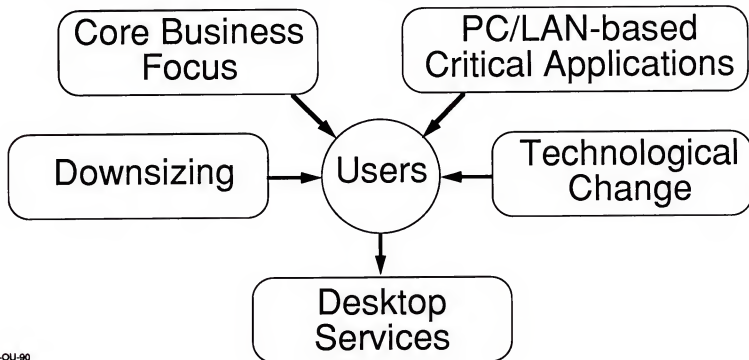
# Network Management Outsourcing Drivers



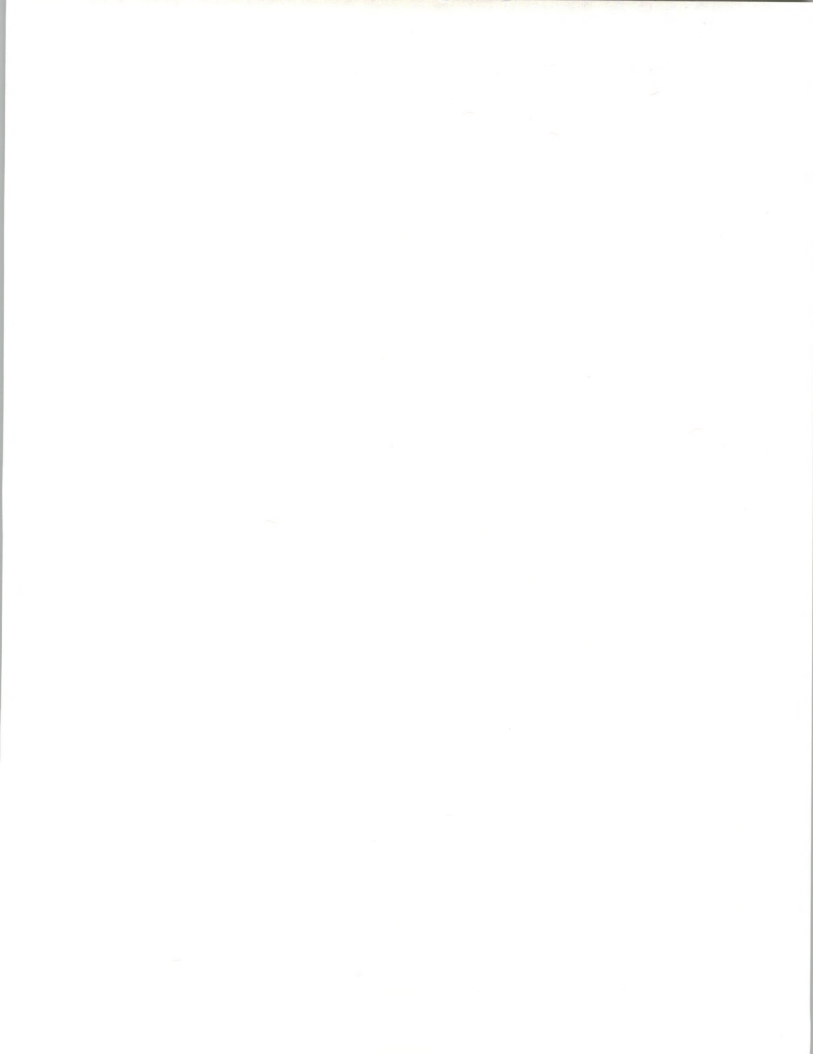
E-OU-99  
6/8/93



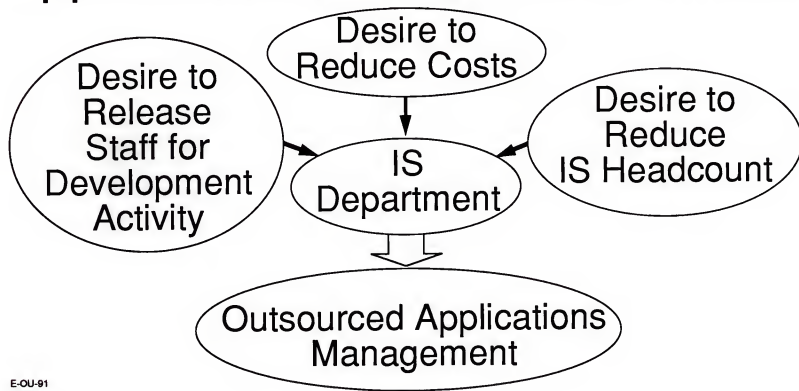
# Driving Forces Desktop Services, Europe



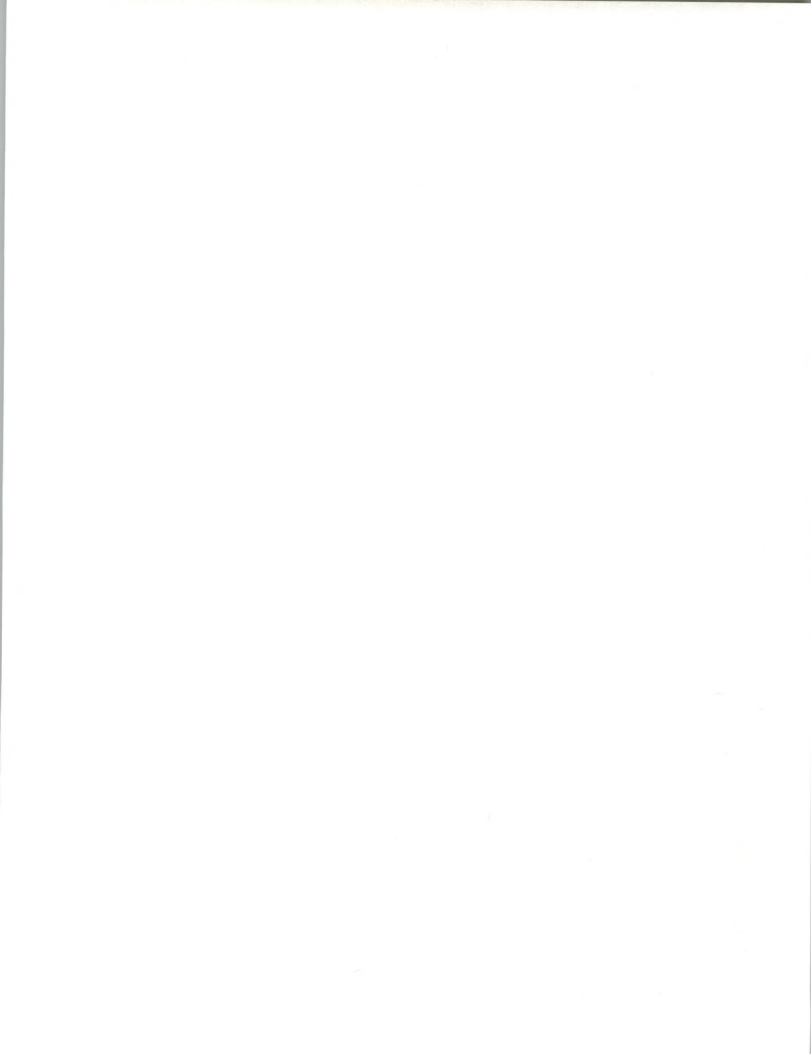
E-OU-90  
6/8/93



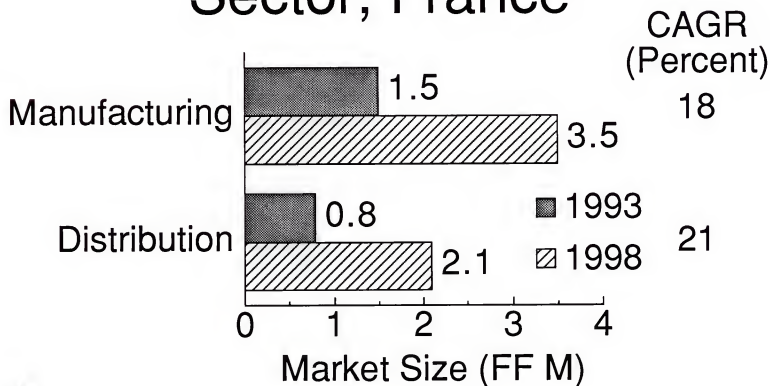
# Driving Forces Applications Management, Europe



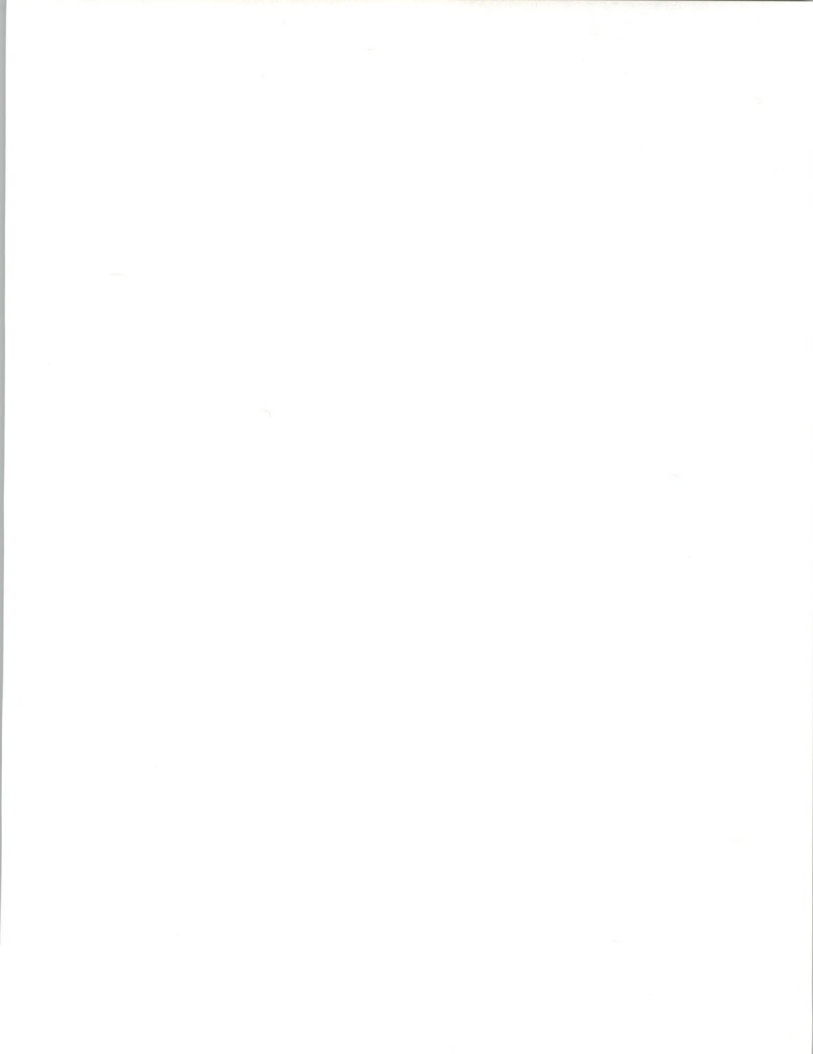
E-OU-91  
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# Outsourcing by Industry Sector, France

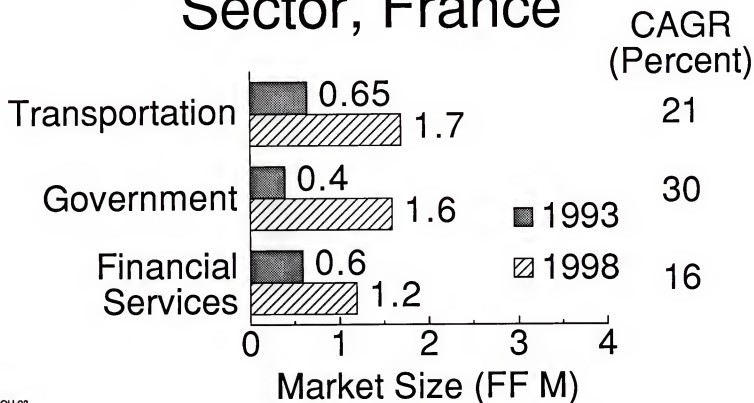


E-OU-92  
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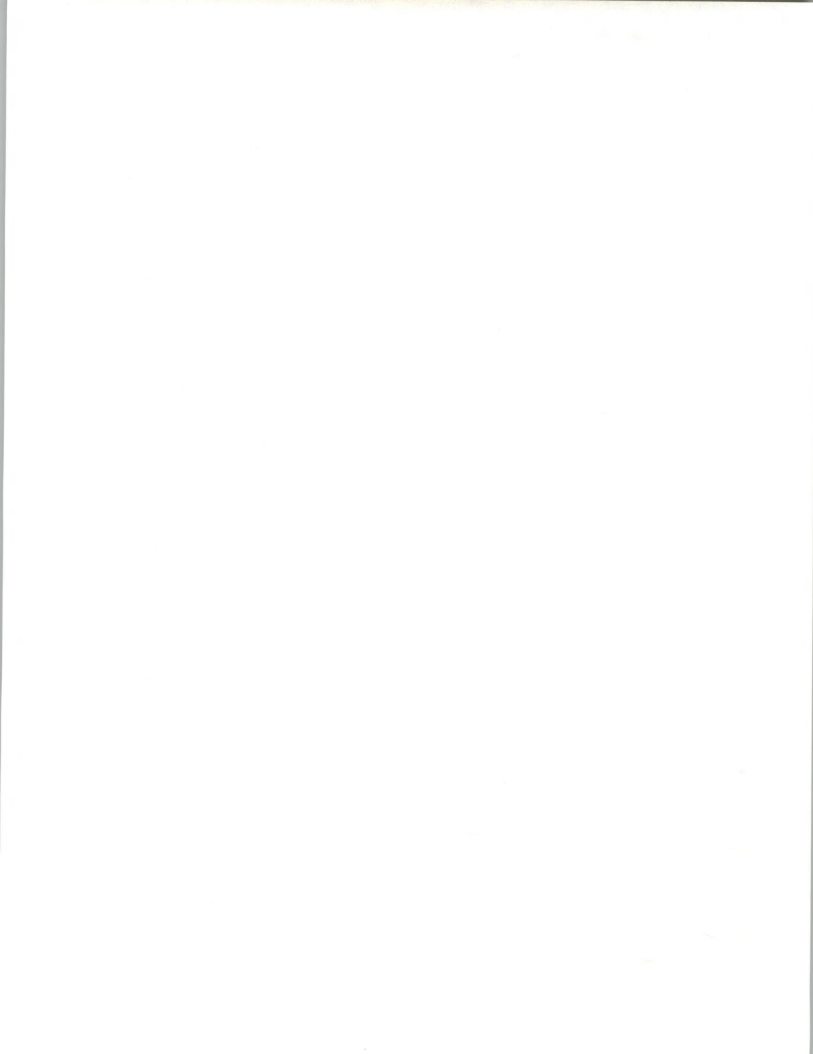




# Outsourcing by Industry Sector, France



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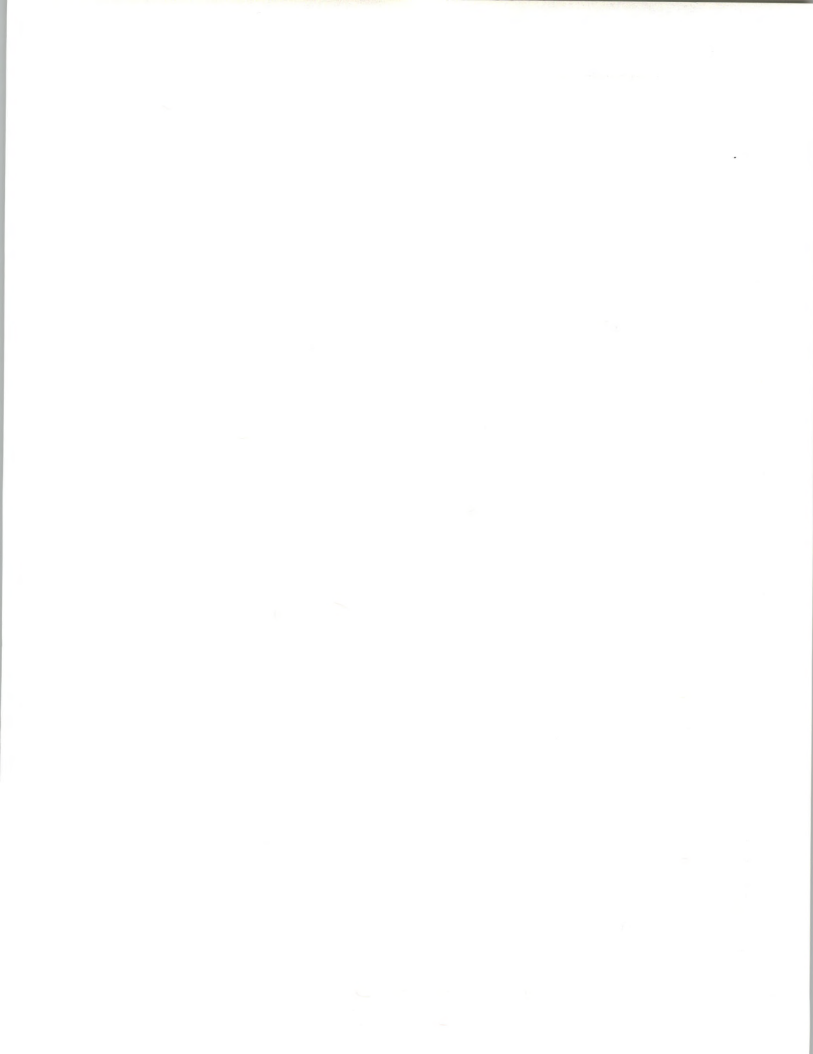


Systems Operations, Europe

## Breakdown by Client Turnover, 1992

Turnover of Client Organization	Proportion of Contracts (%)
>\$200 M	70
\$40 - \$200 M	25
<\$40 M	5

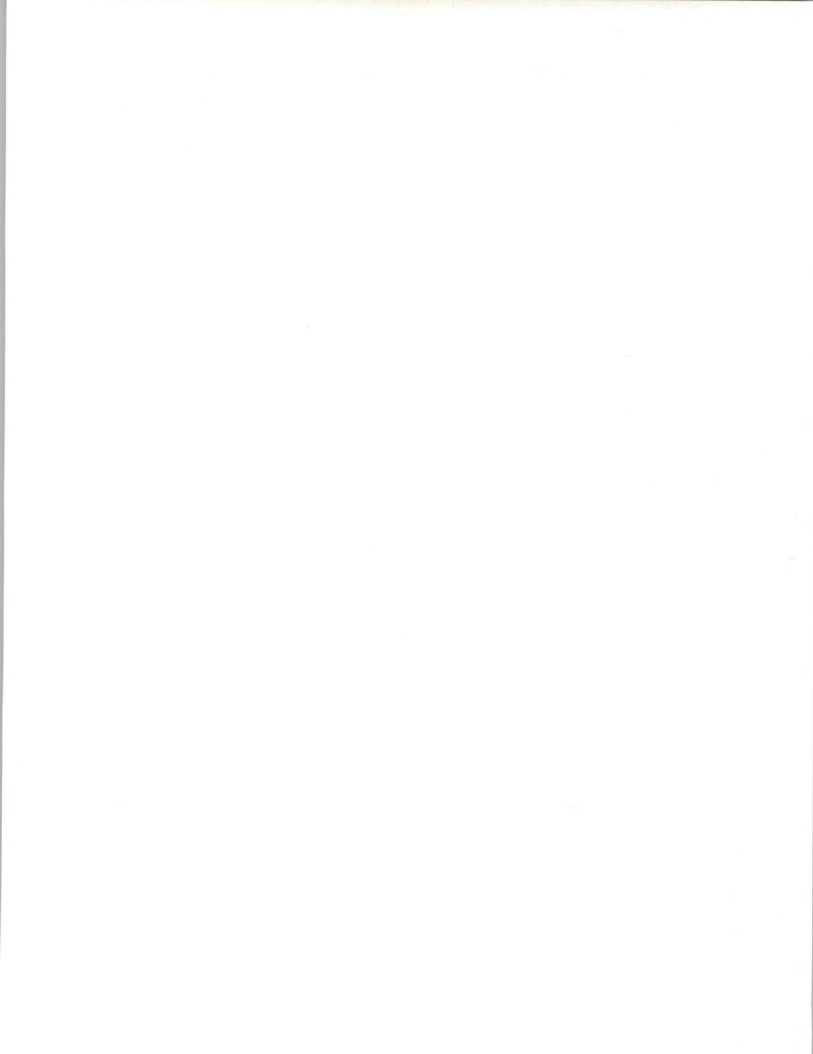
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# Leading Outsourcing Vendors France, 1992

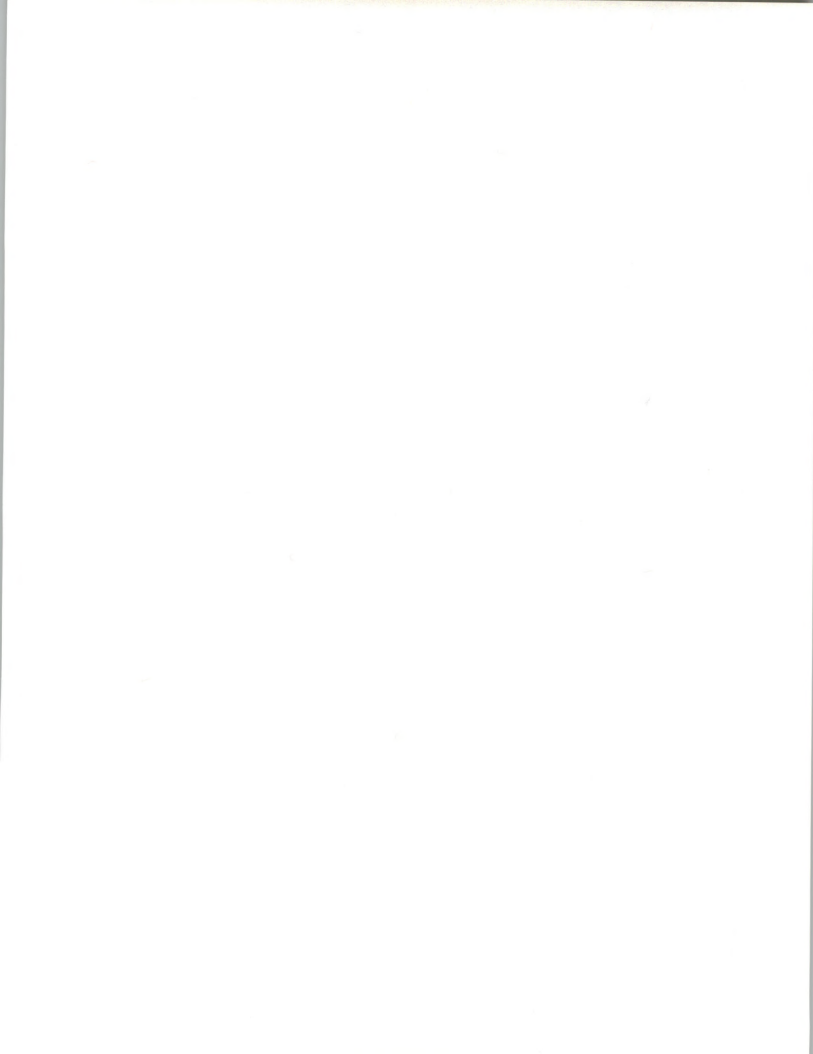
Company	Est. Rev. (FF M)
EDS-GFI	750
GSI	350
Télésystèmes	280
IBM/Axone	240
CISI	200

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# Outsourcing Opportunities for Equipment Vendors

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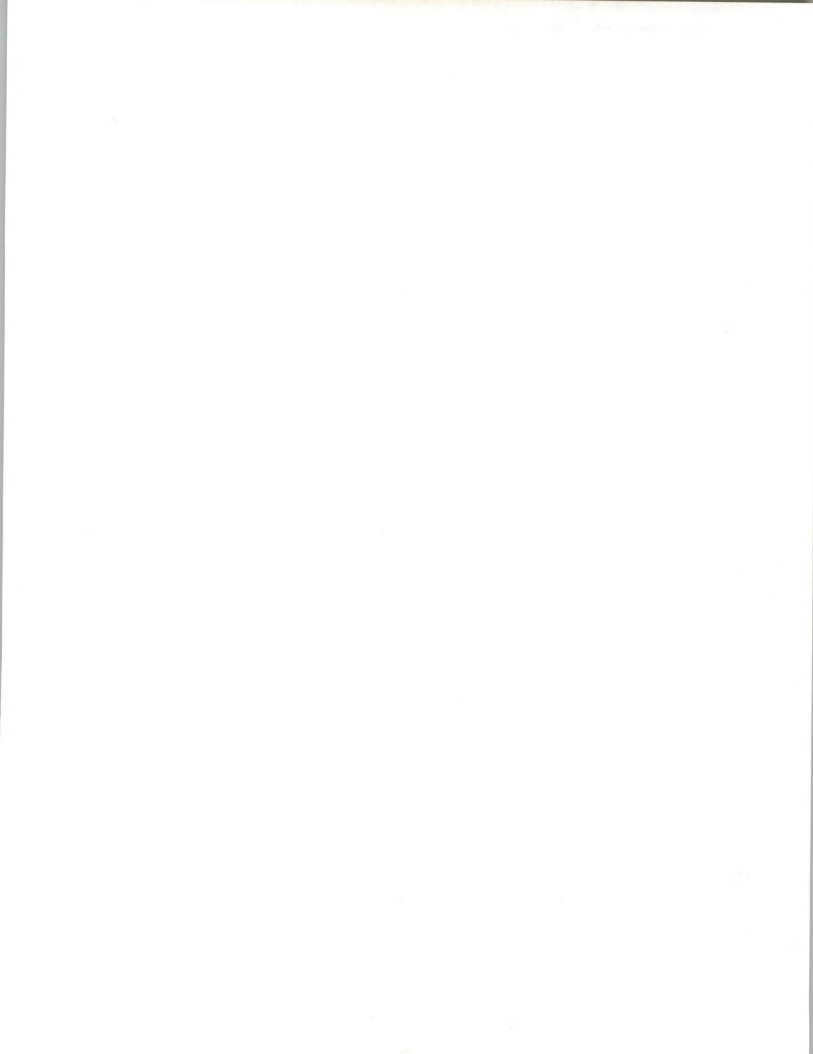




# Characteristics of Platform Operations Market

- Services are mainframe-based
- Low cost service provision essential
- Transition outsourcing a major component
- HP could target via partnership?

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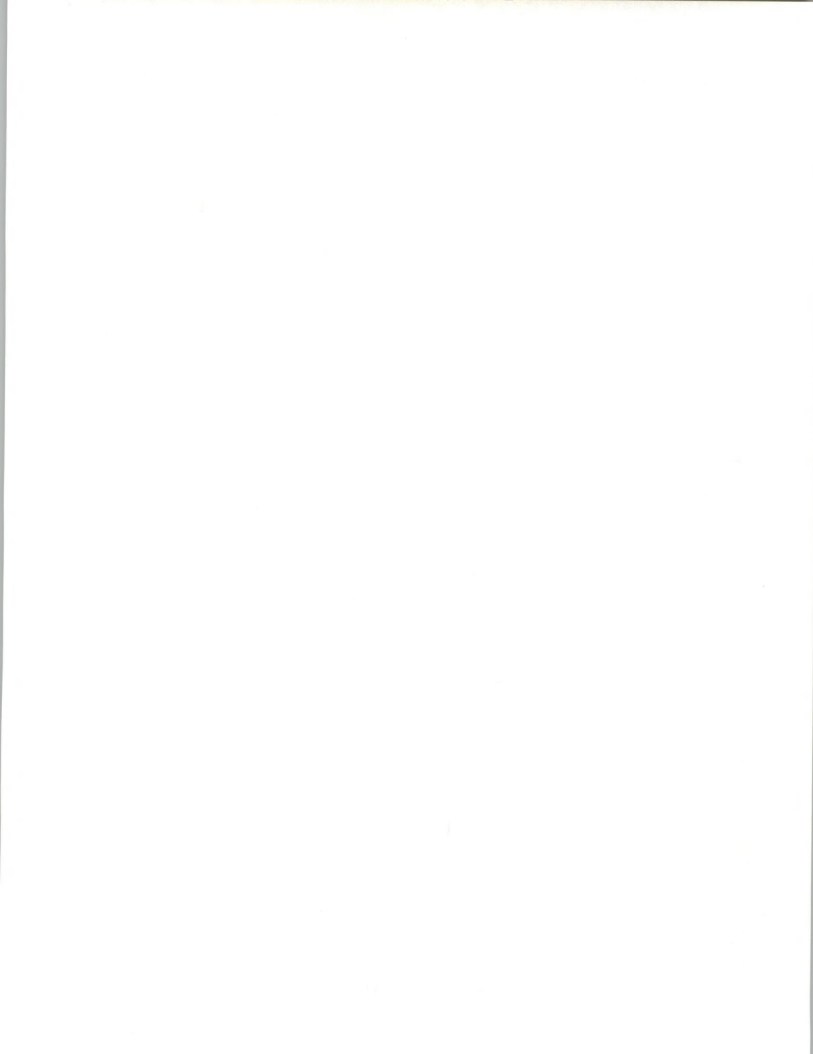


Desktop Services, Europe

## Degree of Outsourcing

Service Element	Relative Level of Outsourcing by Users
Purchasing Consultancy	Medium
Equipment Purchase	Medium
Equipment Maintenance	High

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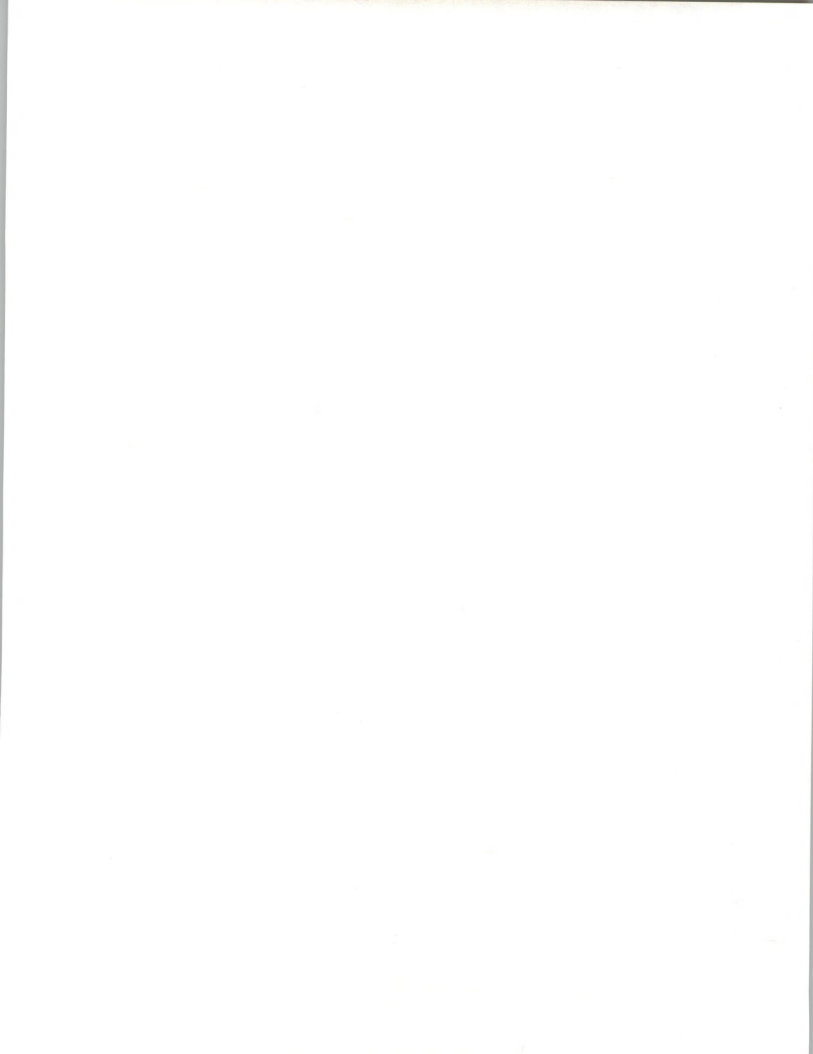


Desktop Services, Europe

## Degree of Outsourcing

Service Element	Relative Level of Outsourcing by Users
LAN/Equipment Installation	High
LAN Management	High

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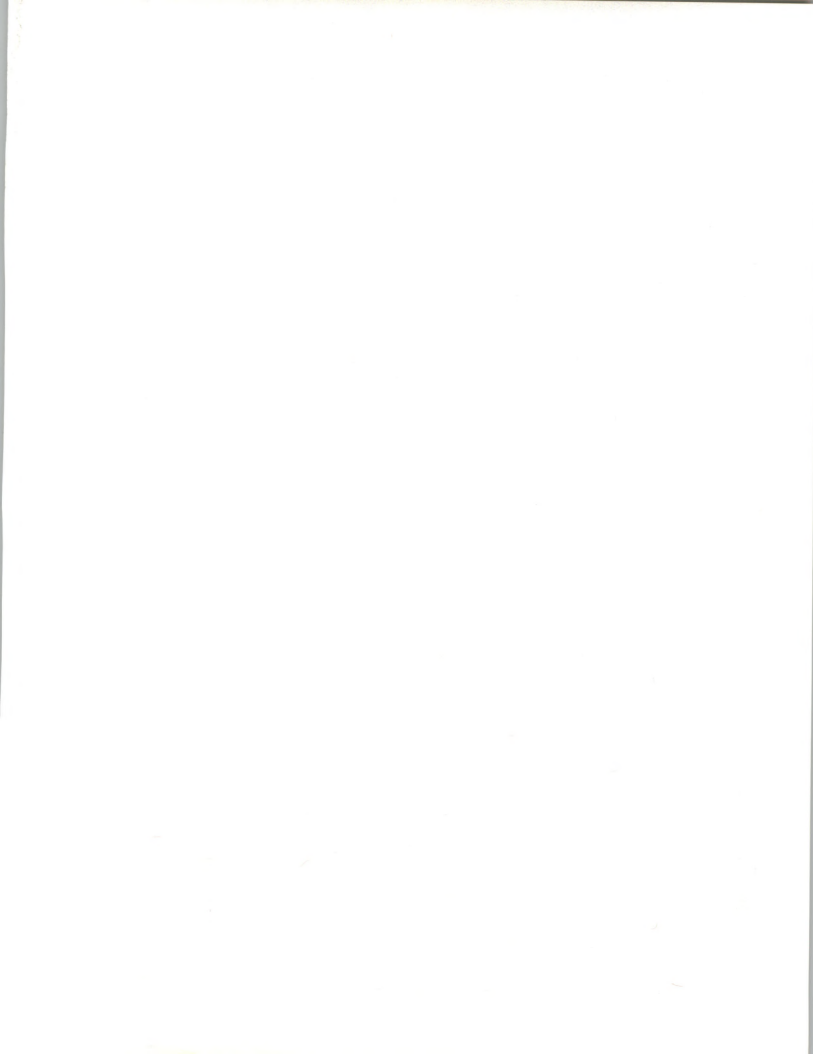


Desktop Services, Europe

## Degree of Outsourcing

Service Element	Relative Level of Outsourcing by Users
Help Desk Services	
- Systems Software	Medium-High
- Applications Software	Medium
Second-line Tech. Support	High

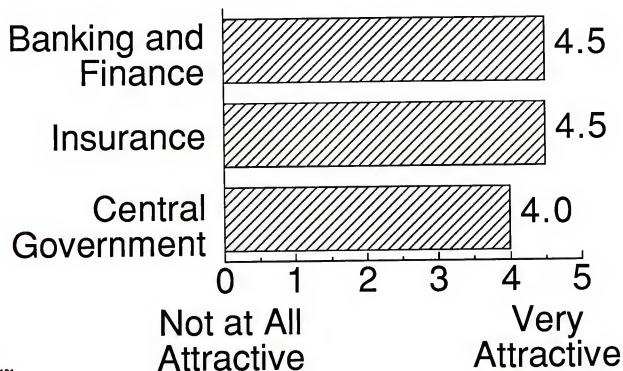
E-OU-100  
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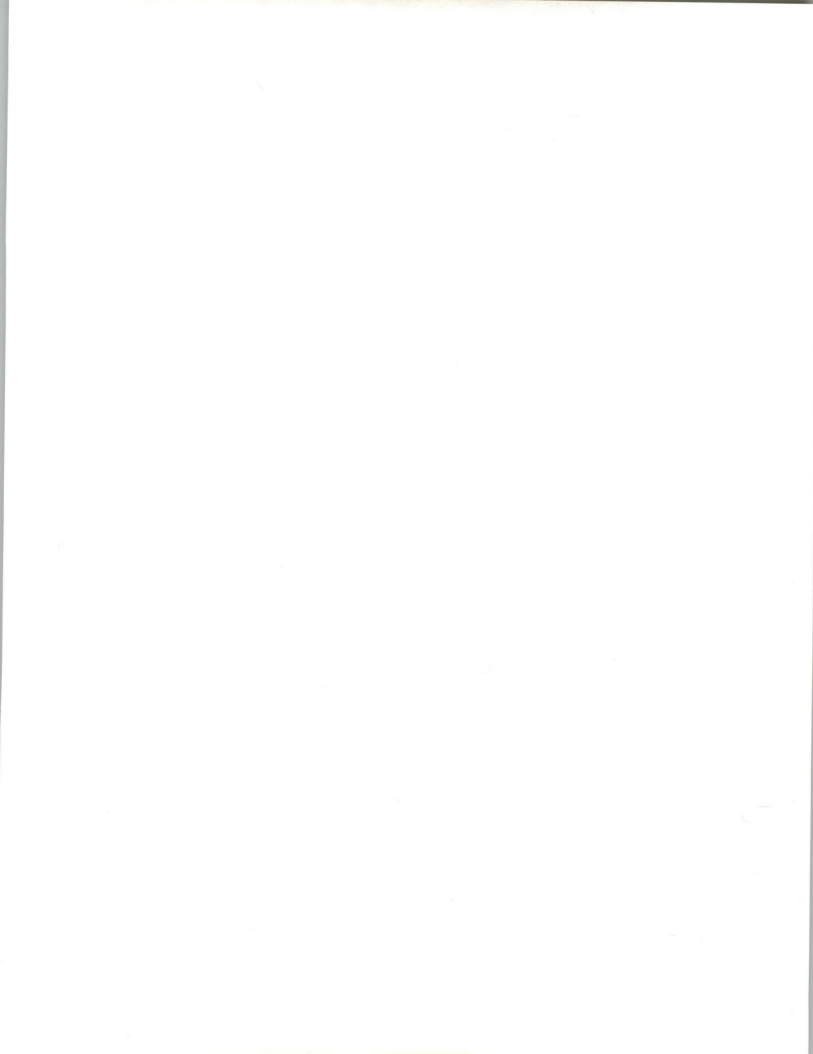


## Desktop Services, Europe

# Attractiveness of Industry Sectors

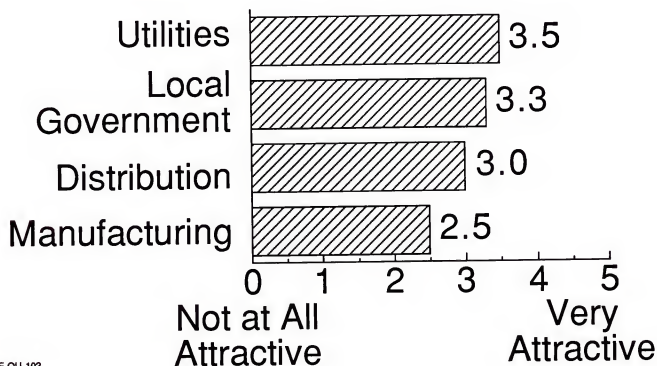


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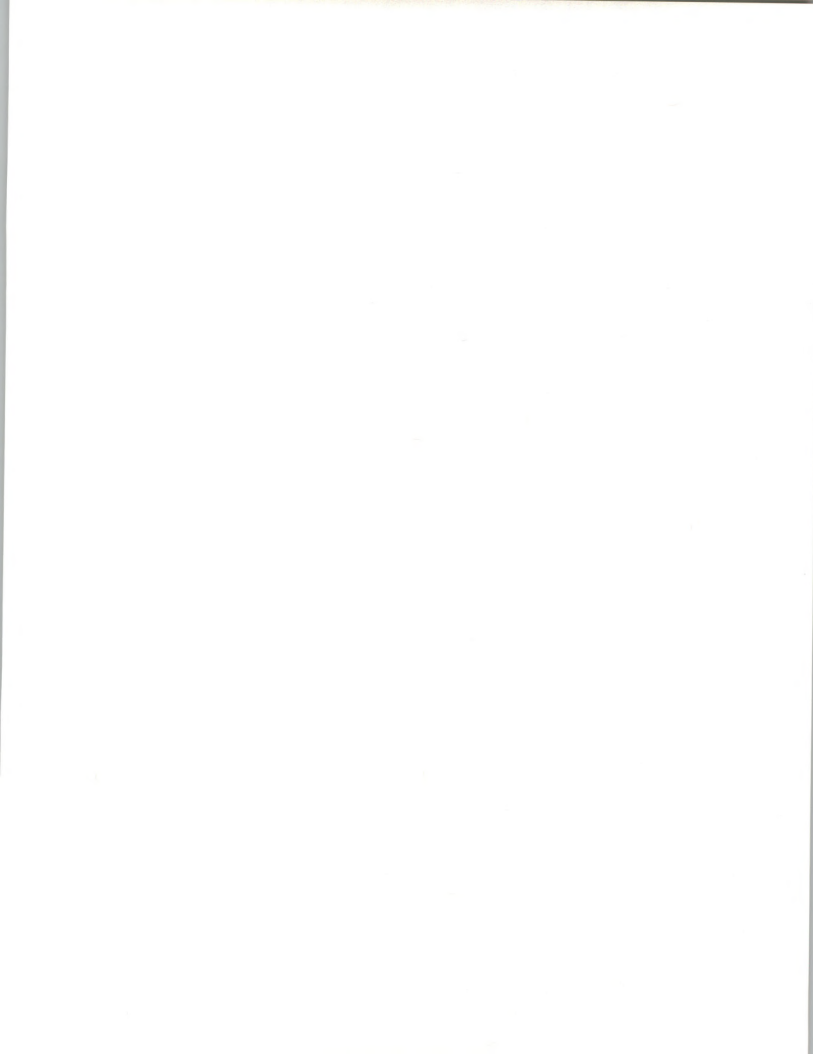


## Desktop Services, Europe

# Attractiveness of Industry Sectors



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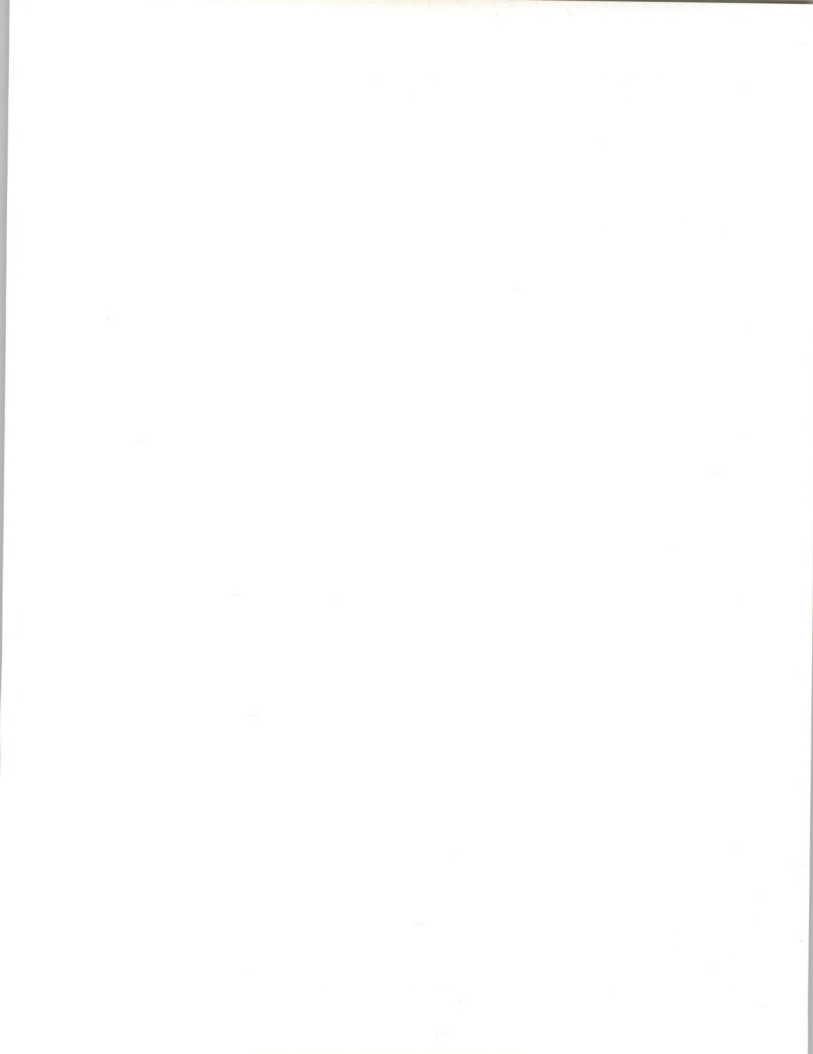


Desktop Services, Europe

## Vendor Challenges

- Independence of supply
- Full service capability
- Breadth of software product support capability
- Up-to-date technical skills
- Pan-European coverage

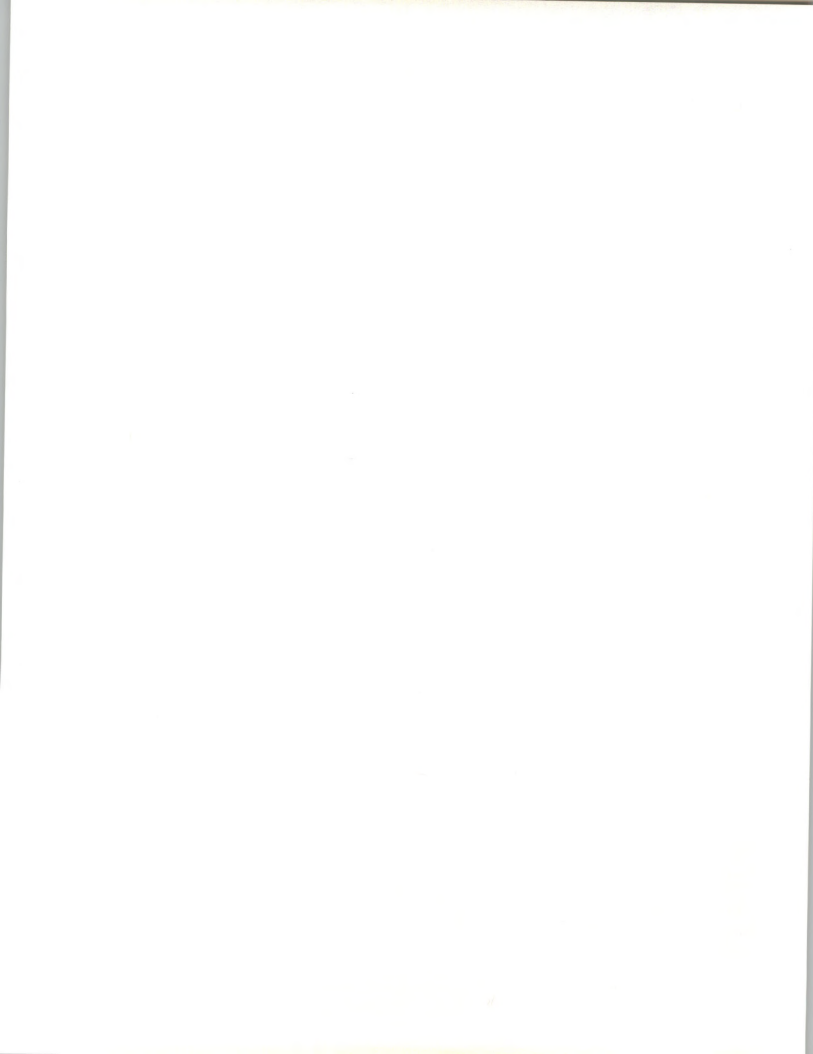
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# Conclusions

Segment	Comments
Platform Operations	Partnership may be desirable
Desktop Services (LAN Management)	A good prospect
Network Management	Partnership?

E-OU-104  
6/8/93





# Conclusions

Segment	Comments
Applications Management	No
Applications Operations	Target selected industries Partnership for mainframe operations

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6/8/93

